colleagues, another zero in my district. That is the number of senior citizens who think that the Medicare Modernization Act is a good deal for them.

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

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

EXCHANGE OF SPECIAL ORDER TIME

Mr. McDERMOTT. Mr. Speaker, I ask unanimous consent to use the time of the gentleman from Ohio (Mr. STRICKLAND).

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

There was no objection.

ADMINISTRATION LAUNCHES NEW CAMPAIGN

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

Mr. McDERMOTT. Mr. Speaker, the administration has launched a new campaign to win the Iraq war. The offensive is not in Baghdad or Fallujah or Sadr City. It is in New York and right here in Washington, D.C. The administration has launched another public relations campaign. They did it in the run-up to the war, and they are doing it again in the run-up to the election.

The administration will have its Iraqi functionary here in a few days to speak to this Congress. The appearance by Mr. Allawi in the U.S. Congress is meant to give the American people the illusion that Mr. Allawi was elected, not appointed. It is meant to suggest stability amid a sea of escalating violence.

The American people will decide what they believe to be true. They have already had a preview, because England was the first stop on the PR campaign. This is what the American people are going to hear over and over and over again. In London, Mr. Allawi downplayed the growing violence in Iraq. Since the middle of June, in just the last 90 days, the chaos in Iraq has claimed more than 2,000 Iraqi lives and more Americans than in any other part of this war, yet the administration's hand-picked administrator says of the insurgency, ''It is not getting stronger. We are squeezing out the insurgency.''

Then, he changed that glowing assessment for a different British audience where Mr. Allawi said, ''Terrorists are coming and pouring in from various countries.''

Now, what is the real story? We will still be asking that question after Mr. Allawi leaves.

At a time when the American people need straight talk about what is happening in Iraq, we are going to get carefully planned photo opportunities.

The groundwork has already been laid. Just the other day, the President told the American people, ''I am pleased with the progress.'' Really, Mr. President?

Iraq today is more violent than ever. Insurgency is either being squeezed out or terrorists are pouring in. Check the morning paper tomorrow or the nightly news if you are not sure which of those statements is correct. Iraq is so out of control that religious clerics are being assassinated in broad daylight. Hostages are being kidnapped from guarded homes and beheaded. And U.S. soldiers are in greater danger than ever. Iraq is so out of control that a new offensive by the U.S. military is being planned for later this year, but not until after the election. Sounds a lot like Nixon's secret plan to end the war.

The administration is delaying action because it denies the magnitude of the crisis in Iraq. Instead, they want carefully-scripted political appearances and speeches to make the American people believe that your eyes and your ears deceive you. The coming public relations events are meant to do just that.

The President says he is pleased with the progress. Mr. Allawi says elections are coming. Mr. Allawi also admits that the so-called free elections in January may only be about half fair. When he speaks before the Congress, I hope Mr. Allawi will clarify which half of the Iraqi election will be fair and which will be rigged. The American people deserve straight talk, but we are getting double-talk. So is the rest of the world.

At the United Nations today, the President said he is ''enforcing the demands of the world.'' Less than a week ago, the U.N. Secretary General Kofi Annan told the world that the Iraq war was illegal.

At the U.N. today, there was every opportunity for the President to tell it like it is. Instead, he told it like the spin doctors want it, and the world heard the sound of a President in total denial.

Later this week, Mr. Allawi will say exactly what the administration wants him to say as their puppet here in the House. He is their guy. This is their war, and they need more money. They will say what they want us to hear, despite the deafening sounds of daily violence underneath their very words. They will say what they hope will silence the critics, because they cannot silence the gunfire. They will say whatever they think will win another term in office, because that is their first and only priority.

That is not the way to fight a war or win the peace, but it is the only way this administration knows, which is why Iraq's best chance for peace can only be realized by a regime change in the United States. It will happen on November 2.

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

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

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

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

□ 2045

RECORD DEFICITS ABOUND

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

Mr. SPRATT. Mr. Speaker, in less than 10 days we will close the books on fiscal year 2004, and what a year it has been. A few days after that we will declare a deficit of $422 billion. You got it, $422 billion.

Now, there will be all sorts of spin to make that shortfall seem a lot less serious than it really is. But here are the hard facts. At $422 billion, this year's gift will set an all-time record, $47 billion more than last year, which itself last year was the worst deficit on record. And at $422 billion this deficit is bad enough; but if you back out the surplus in Social Security, as you should, 15 years ago we adopted a law and said Social Security shall not be included in the regular budget of the United States. It is, after all, a trust fund. The money is incumbent for the beneficiaries.

So if you back out those trust funds and the surplus they incur this year, the deficit in the regular budget of the United States is $574 billion for fiscal year 2004, $574 billion, more than a half trillion dollars in debt.

Now, the President keeps telling us that this economy is on the mend. Usually when the economy gets better, the bottom line of the budget gets better, but not now. This year's deficit, you see, is not going away. It is not even going down by much. Even if the economy improves, it will still be about where it is, 4 to $500 billion for the next 10 years. What we have got, what we are stuck with for the time being until we do something about it is what economists call a structural deficit. It is built into the texture of the budget itself.

On the House Committee on the Budget, our Democratic staff has taken the latest projection of the deficit and the economy given to us just a few days ago by the Congressional Budget Office, CBO, our neutral, nonpartisan budget shop. We have taken their forecast, and we have made what we regard as political readjustments to it. We have actually decreased the war of Afghanistan and Iraq that they have included because we do not think and do not hope, certainly, it will continue at existing levels. We have assumed that the alternative minimum tax will be fixed, as politically it must be fixed over the next several years; and we have assumed that the President's tax cuts will be made permanent as he earnestly seeks. He will get his way.

When you do that, you see what happens on this bottom red line which starts in 2004 at $422 billion, that is this year's deficit, because from 422 to 360, yes, it gets a bit better, we hope, but then it bombs out in that range. And by the time you get to the end of this 10-year period in 2014, the deficit is $503 billion.

As I said, the deficit does not go away and it does not go down by much; and at the end of the 10-year period it is bigger than it is today and we have accumulated a mountain of debt. By our calculation, using CBO's forecast, the Federal Government will incur $6,816,000,000 in additional debt between now and 2014. And when that $6.8 trillion in new debt is added to our old debt, which is $7 trillion or thereabouts, the total debt of the United States will come to $14,890,000,000 in that year.

If we follow the fiscal course the President has laid down, keep implementing his policies, do not make any changes in this budget, we are adopting basically his budgetary assumption, that is where we will be: $15 trillion in debt by the year 2014. That is the legacy that we are leaving our children.

If this burden were not enough, we always have to remember that out there, looming on the horizon, beginning in the year 2008, it is a phenomenon called the baby boomers, 77 million of them are marching to their retirement as I speak tonight. They have already been born. They have already qualified for their retirement benefits, and in 2008 they will start drawing their Social Security. In 2011 they will start drawing their Medicare. In 20 years they will double the number of beneficiaries on Medicare and Social Security. And what should we do to prepare for this unprecedented demographic event, the doubling of the number of people on retirement?

We should be saving money now, no question about it; in this period of time we should be saving money. Instead, we are doing just the opposite. We are building up mountains of debt as this chart shows.

Mr. SCOTT of Virginia. Mr. Speaker, I would ask the gentleman to explain what this blue line on the top might be.

Mr. SPRATT. The blue line on the top is the path plotted by the Bush administration in 2001 when they brought us their first budget. They said, this is the path that we expect to follow. This was the basic baseline of the budget, before the Bush policies that were projected back in 2001. That is how good things looked. This is how bad things are now 3 short years later.

Mr. SCOTT of Virginia. I thank the gentleman.

Mr. SPRATT. Well, I said what we should be doing is saving, paying down our debt, not building up our debt.

Now, some may discover that, some might say, when did the United States Government ever pay down any debt? Well, in case you do not know it, in 1993, when President Clinton came to office, the deficit was right there, $290 billion, a record deficit under the last President Bush, $290 billion in 1992. That was the deficit situation President Clinton inherited.

We passed in this House, in the mid-spring of 1993, a deficit reduction act that the President sent to us. We passed that bill by one vote here in the House and by one vote in the Senate. As a consequence, every year after that for the next 8 years, the bottom line of the budget got better and better and better to the point where in the year 2000 we had a surplus of $236 billion. All of that happened on the watch and under the administration of the Clinton administration because of two major multi-year budgets that we adopted in those years, hard votes, probably cost the Democrats control of the House, but we did the right thing and there was a payoff, a budget and surplus by an unprecedented $236 billion in the year 2000.

As Yogi Berra likes to say, If you do not believe it, you can look it up. It is a matter of national record.

Well, what has happened since then? This is when President Bush came to office. He inherited a surplus. The budget there, midfiscal year 2001 was in surplus by $127 billion, but every year thereafter the bottom line of the budget has gotten worse and worse to the point where it is $422 billion in debt today.

Now, let me show you what those surpluses in the Clinton years meant, which was also unprecedented. In those 3 years from 1997 to the year 2000, that 3-year period of time, the debt of the United States held by the public outside the Government went from $3,772,000,000 to $3,409,000,000. We paid off in those 3 years $362 billion of debt. If you take what was paid off in the year 2001 when President Bush came to office and inherited the budget of the previous administration, it is over $400 billion in debt reduction.

By contrast, this administration told us when they came to office in 2001, their own economists at OMB, Office of Management and Budget and CBO both, they told us if you stay this budgetary course, you can pay off the debt held by the public; keep doing what the Clinton administration has been doing, you can pay off the debt held by the public by 2010, 2008 as early as that. But in the foreseeable future, if you stick to this budget course, to these fiscal policies, you can pay off the debts of the United States and lay the basis of the solvency of Social Security, the first big step you can take towards making Social Security and Medicare solvent for a long time to come.

We know the story. The Bush administration did not choose to stay that budgetary course. They chose their own budgetary course, which called for deep tax cuts, very significant tax cuts; and when the budget forecasts did not materialize as expected, those budget cuts, those budget tax cuts ate even more deeply into the deficit of the United States.

As a consequence, in the year 2002 instead of paying down more debt, we had to increase the national debt of the United States. We had to raise the statutory ceiling. There is a statutory limit on the debts that we can incur. We had to raise it by $450 billion in the year 2002. Next year, having raised it $450 billion, the very next year we had to raise the debt ceiling again by $984 billion. Let me tell you something, $984 billion is more than the entire debt of the United States in 1981 when President Reagan came to office. But we had to raise the debt ceiling by that amount in 2004 in order to accommodate the increases in debt.

When you add all of these together, you will see what I have cited earlier, the phenomenal increase in debt under this administration. If we stay the course we will be going to $14,890,000,000. But already with the two debt-ceiling increases passed of 450 plus 984, plus one that is pending right now, which is $650 billion, when those three debt-ceiling increases are passed, it will come to $2.1 trillion. That is the fiscal record of this administration. Compare it to the last 3 years of the Clinton administration which I have just shown you where we paid off $362 billion.

Mr. ALLEN. Mr. Speaker, I would like to make one point because I think it is worth going back to March of 2001 when the President was traveling the country pitching the first tax cut, the big tax cut; and he came to my hometown, he came to Portland, Maine, and he went to the Merrill Auditorium in city hall and he spoke to almost 2,000 people. And I remember sitting in the front row and listening to him speak. And I will never forget what he said, and this is about as close to word for word as you can get. He was selling his tax cut and he said, I know these are big numbers, but this is reality we are talking about. We hold spending to a 4 percent increase.

I would say, well, not exactly, because the Department of Defense had not submitted its budget yet.

He went on. We pay down $2 trillion worth of debt.

Well, only if the whole program works.

Then he said, We set aside a trillion dollars for contingencies. There was no trillion dollars contingency account. They made it up. They simply made it up. So all over the country the President went around saying we have set aside a trillion dollars for contingencies; and then he said in Portland and around the country, and there is still money left over. But the hard cold truth was there was no contingency account; once the tax cut was passed, once it was signed into law in the big ceremony in the Rose Garden, you cannot find the words ''contingency account.''

The administration never said as the economy deteriorated and spending went up. They never said, boy, thank God we have that trillion dollar contingency account to fall back on.

So right from the beginning, this tax cut was oversold. It was oversold. They went out and said things to justify the tax cut when they did not have the evidence to support it. And I think it is worth remembering that, because it is not easy to dig a 14.8 hole for yourself when you are starting at $3.87 billion. In just a few short years they have managed to drive this country in a direction where our children and grandchildren will be paying a bill for decades to come. I would like to come back to that at a later time.

Mr. PRICE of North Carolina. Mr. Speaker, with an unprecedented fiscal meltdown in this country, going from $5.5 trillion in projected surplus over the next 10 years to over $3.5 billion in additional debt, fiscal turnaround of over $9 trillion, would we not like to think that, at least for that degree of damage to the Federal budget, that we have gotten the maximum economic stimulus, or that we have at least been able to fund our major priorities like education and research and health care, transportation? Yet I do not know any economist who will claim that we have had the best possible economic stimulus or the economic turnaround. This is as sluggish an economic recovery as anybody can remember.

Mr. SPRATT. Mr. Speaker, we are one million jobs short to the number of jobs we had on March 1, 2001, when the last recession started. It was over in November. And we are still a million jobs short of that despite the supposed economic stimulus which obviously did not stimulate the economy by nearly enough.

□ 2100

Mr. PRICE of North Carolina. Has the gentleman seen any economic analysis that would suggest that a massive tax cut, 43 percent of which went to the top 1 percent in earnings, was the most effective economic stimulus that could have been applied?

Mr. SPRATT. That is why we are not seeing the results in jobs.

Mr. PRICE of North Carolina. Mr. Speaker, the President seems to want to claim that, but I have seen analyses, and they are readily available, that show there are dozens of things that could be done in terms of middle class tax cuts, in terms of infrastructure improvements and transportation improvements, in terms of aid to the States that were so hard-pressed and still are hard-pressed. Extension of unemployment benefits to those who are still trying to turn their situation around, any one of those things would not only have been fairer in terms of the people affected, but it would have been a far more effective stimulus.

Then to turn to my second point, have we been able to adequately fund our major priorities in this country?

If you are going $450 billion into debt each year, additional debt, you would at least like to think you are getting some bang for the buck in terms of things we need to be investing in in this country. But yet at last report this House cannot even pass a highway bill, cannot even agree on investment in our infrastructure, which used to be a no-brainer around here, both Democrats and Republicans agreeing that nothing was better for the economy than having a healthy infrastructure and getting money out to the States to build highways and transit systems.

Mr. SPRATT. I thank the gentleman, and let me just wrap up and now turn to my other colleagues and yield to them, first by saying or asking, how does this administration respond to these dismal results? Nobody can put a pretty face on numbers like these, a deficit of $420 billion, a fiscal course that has led us to nearly $15 trillion in debt. Some legacy to leave to our children. In just 10 years, that is the course we are on according to CBO, even OMB. How do they respond to it?

Last July when the administration issued, as required by law, its so-called mid-session review of the budget they actually resolved this. When they issued that, they went through the numbers as they projected them, put the best face they possibly could on them, and came to the conclusion that these deficits were indeed unwelcome. That was the strongest word they could muster, that these deficits were unwelcome. Did they offer a plan? No. Did they hold out any prospect that this deficit would be reduced and that the country would be put back on a path of fiscal stability? Not on your life. There is no plan, no prospect of it, no shock, no shame and no solution.

We want to tell you more about the situation we find ourselves in, and now I yield to the gentleman from Virginia (Mr. SCOTT) for that purpose.

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

One of the things that we have found in the debate on the budget is you really have to use charts because one side will say the deficit is bad; the other side, it is manageable. But when you look at the chart, going back to Johnson, Nixon, Ford and Carter, that is the yellow; the Reagan and Bush deficits, that is the red; the green, that is the Clinton administration; and this is on-budget surplus. That is after Social Security and Medicare, and then President Bush. You cannot create a chart like this by accident.

The gentleman from South Carolina pointed out that in 1993 we cast tough votes. Not a single Republican in the House or the Senate voted for the budget that turned this deficit around, started it up. Now, some like to point out that the Republicans had control of the House and the Senate during six of the 8 years of the Clinton administration and, therefore, deserve some credit for the elimination of the deficit and the generation of the surplus. Wrong.

In 1995, when the Republicans came in, they passed irresponsible budgets. President Clinton vetoed them. They threatened to close the Government down. He vetoed them again. They closed the Government down, rather than allow those deficits to return, and as a result of the Presidential vetoes, we maintained the progress towards a surplus. So you cannot take credit for those kinds of budgets that were vetoed. In fact, we know what would happen if the President had signed those budgets because, when President Bush came in, they passed the same kind of budget; and we see the total collapse of the budget, record deficits, as the gentleman from South Carolina has pointed out, as far as the eye can see.

Now, just to give you an idea of the deterioration of the budget, this is the 2004 budget, the budget we are in today. In January 2001, when this administration came in, we projected a $390 billion surplus, and then the tax cuts and the administration policy was adopted so they had to, in May, recalculate. A 274 surplus was projected for this year. After September 11, March, almost 6 months after September 11, they projected, well, maybe it will be a small little deficit. In March of 2003, a year later, they recalculated $330 billion in the hole. Last month, latest figures, $422 billion in the hole, a deterioration of over $800 billion.

Now, when you use big numbers we like to put them in perspective. You add up everybody's individual income tax. The revenue generated from the individual income tax across America totaled $800 billion. Deterioration in the budget for this year's budget since this administration came in, $800 billion deterioration. That is the number.

When you run up deficits, you run up interest on the national debt. As the gentleman from South Carolina pointed out, the interest on the national debt, because the debt was headed towards zero, interest on the national debt was headed towards zero, but this chart shows the interest on the national debt that we are going to have to pay. In 2009, the difference of what we thought we are going to have to pay and what we have to pay, over $300 billion, and let us put that number in perspective.

At $30,000 each, how many people can you hire with $300 billion? Answer: 10 million. Another question: How many people are drawing unemployment in America today? How many people are unemployed, drawing unemployment today in America? Answer: less than 9 million. You could hire everybody with a $30,000 job that is on unemployment and have billions of dollars left over with the additional interest on the national debt.

We cannot fund No Child Left Behind for the lack of $9 billion. We cannot fully fund veterans health care the way it should be funded. There are a lot of things we cannot do because we do not have the money. $300 billion, interest on the national debt.

This has national security implications, too, because a lot of that debt is bought by foreign countries, and you cannot negotiate a trade deal with somebody who has got $100 billion of your paper, China, Japan, other countries. It has national security implications. If somebody wanted to start building nuclear weapons and they are buying all of our debt, what kind of negotiations could we have?

Interest on the national debt is run up because of the fiscal irresponsibility of this administration. We were told that we had to go into that kind of fiscal collapse to create jobs. We have heard this administration, and in fact, we had a member of the other party bragging about the success of this administration creating jobs just this afternoon. This chart shows what the actual numbers are, the percentage increase or decrease in jobs, going back to Herbert Hoover. Herbert Hoover lost jobs. Every other administration since then, before this administration, gained jobs. This administration lost jobs.

Now, this is the chart. So that there is no confusion, this is the private sector job growth since Herbert Hoover. Now we will notice before we come up with the excuses that this time frame includes not only World War II and the Korean War and the Vietnam War and the Cold War and the hostages in Iran, Persian Gulf War, Somalia, Grenada, it also includes Pearl Harbor. Everybody back to that period of time created jobs. This administration did not. So 9/11 could not have caused this chart, and neither could the so-called inherited recession.

First of all, let us get the facts straight. The recession started in March 2001, well after this administration had been sworn in, well after they had been elected and their policies were becoming part of the economy, which was reacting to their articulated policies; but whenever it occurred, this chart shows how many jobs you have 40 months after the beginning of a recession. Everybody is up to 3.8 percent, 1.9 percent. 1990 to 1993 is the worst before this administration. Everybody else 2, 3, 4, 7 percent more jobs, 40 months after a recession began until you get to this administration. So whenever this recession started, you cannot blame that recession for the collapse in the economy.

One of the things that we pointed out is that we ought to be saving money because the baby boomers will retire. The blue bars show that we are bringing in more money in Social Security. The Medicare chart shows the same pattern; but after 2017, you will be paying out more money in Social Security than we are bringing in, and you cross the 300 line, that is $300 billion. That is $2,000 for every man, woman and child in America.

Obviously, this is a very challenging chart to deal with until you look at this chart, which shows that if you add up all of the President's tax cuts and reduce them to present value so we know what we are talking about, that is more than the combined total deficit in Social Security plus the combined deficit in Medicare for as far as the eye can see, 75 years or more.

In other words, we had a choice. We could make Social Security and Medicare solvent, or we could cut taxes. We had a choice. It was about the same amount of money. We cut taxes. We created the deficit, and now we do not know how we are going to pay for Social Security and Medicare.

In fact, the GAO produced a chart that answers the question, if you do not change directions you might end up where you are headed. Where are we headed? This chart shows the line across is the revenue coming in at the President's policies. This shows right now we are borrowing money for some Government spending; but by 2040, we will have enough money for the blue, which is interest on the national debt, a little bit of money for Social Security. We will have to borrow the rest of the money for Social Security, no money for Medicare or Medicaid, and no money for the green which is Government spending like defense, transportation and everything else.

Obviously, this is not sustainable. We have to do something and make profound changes in our economy, in our funding, in balancing the budget; and it is not going to be done with rhetoric and constitutional amendments.

We are tomorrow marking up a constitutional amendment to so-called "balance the budget," the balanced budget amendment. What they do not tell you is that the amendment does not require a balanced budget. It just prescribes the method for passing a budget that is not balanced. We had a hearing on that, and we asked the Republican witnesses whether or not it would be more likely or less likely that you would actually have a balanced budget if that legislation was adopted. They could not give a definitive answer to that question.

□ 2115

The fact of the matter is it would make it less likely that you would pass a good deficit reduction plan because you made it more difficult. So even if that legislation were to pass, and it will not because people know what a fraud it is, it will not, but even if it passed, you would still, at some time or another, have to cast the tough votes.

When we were fixing the deficit, eliminating the deficit, we had a rule called PAYGO, pay-go, pay as you go. If you want to increase spending, you have to increase taxes or cut spending to pay for it. If you want to cut taxes, you either have to cut spending or increase somebody else's taxes to pay for it. You could not have any initiative that had an adverse effect on the budget without paying for it.

Well, right after this administration came in, that policy evaporated and they passed tax cuts without paying for it. They passed other programs without paying for it. And all of the red ink, interest on the national debt in this chart, is a direct result of that policy.

Mr. ALLEN. Mr. Speaker, if the gentleman from Virginia will yield, I want to follow up on the gentleman's comments about the consequences of running these huge deficits, because we have the numbers now. We know where the Federal budget is headed, and it is not a pretty picture. But there are some very serious consequences. I wanted to mention several.

First of all, Social Security, when you look at the administration's budget over the next 10 years, they spend, on general government purposes, every single dollar of the social security's surplus. And the Social Security surplus for the next 10 years may be quite substantial. So, every single dollar. Then we have Alan Greenspan turning around and saying, oh, we have long-term problems with Social Security. We really should be reducing Social Security benefits. And there is the President of the United States saying, what we really need to do is to create individual accounts, which is another way of saying we need to reduce Social Security benefits. They both come to the same thing.

So the first impact is on Social Security, and it could be absolutely devastating. But the second impact goes to the question that I think the gentleman was raising about are these tax cuts effective. We have now had 4 years of an administration doing three rounds of tax cuts. If you judge an economy by jobs and wages and health care, then let us first look at jobs.

As the gentleman pointed out, we are down about a million private sector jobs over the 4 years. No job recovery. Worst record since Herbert Hoover. Clearly, jobs have not come back despite the three tax cuts.

Mr. SCOTT of Virginia. Mr. Speaker, if the gentleman will let me respond to the point on jobs, and the gentleman from North Carolina alluded to it, it is absolutely incredible that we could run all this red ink without creating jobs. At least when President Reagan was running up deficits he was creating jobs. It is difficult to cut taxes the way the administration has cut taxes, in those amounts, without creating some jobs. But the taxes they cut were the kinds of taxes that did not stimulate the economy. It only rewarded those in the very upper income, the ones least likely to actually spend it.

If you want to stimulate the economy, give the money to those who will actually spend it. The gentleman from North Carolina mentioned extending unemployment benefits. People who had jobs, who lost a job and are continuing to look for a job but have not found one yet, their unemployment benefits have run out. If you give them some money, they will spend it right away. If you give a cut on dividends to someone who has substantial stock holdings already, if you cut tax and dividends in half and someone benefits $300, if you do the arithmetic they must have had, on average, $100,000 in stock. Three hundred dollars to them, if they wanted to buy something that cost $300 and they have a $100,000 stock portfolio, they would have already bought it.

If they wanted a television, they would already have bought the television. The $300 tax cut does not stimulate the economy, given there. But if you give it to a family with children, unemployed, low income, they are going to spend the money.

There are a lot of ways you can cut taxes and create many jobs, as President Reagan did, but if you cut the taxes that President Bush cut, which ruined the economy, ruined the budget and lost jobs, it is incredible how you can run up the deficits. And just the interest on the national deficit in 2009, in that year, if we did not have the kinds of increased interest on the national debt, we could hire 10 million people at $30,000 apiece, which would be more than anybody has created in 4 years. Ten million would be setting records. We could do that in 1 year with just the interest, each and every year, with the interest on the national debt that we are going to have to pay over and above what we expected to pay when this administration came in.

Mr. ALLEN. Mr. Speaker, if the gentleman will yield further, that is a very good point, and it goes to the second point I was going to make about wages.

The median wage in this country now has dipped down slightly in these last 4 years. And if we look at health care, a third component of whether or not we are in a healthy economy or not, there are 5 million more Americans who do not have health insurance today. We are at 45 million instead of the 40 million uninsured when George Bush took office.

So there has been deterioration across the board. And the worst is yet to come, because the Office of Management and Budget has a memorandum out there and that makes it very clear that in the 2006 budget, which is coming right down in front of us, there are going to be deep cuts in many government services, including cuts to education, veterans' health care, environmental protection, job training and child care.

The last thing that I personally wanted to say about this is that I have been thinking a lot about my father's generation. My parents are both gone now, but they went through the depression and the Second World War, and a lot of people did not come through the Second World War. The guiding principle of my parents and their whole generation, I believe, was to make sure their children and grandchildren had more opportunity than they did. They sacrificed a lot that might have been for their own immediate pleasure in order to be sure their kids had a good education and that we had opportunities that they had not had when they were growing up. That generation would never have done to us what the Bush administration and the congressional Republicans are doing to our children and grandchildren, sticking them with a debt that is so large that they will be paying exorbitant interest on the national debt for decades to come; and seeing cuts in education, cuts in job training, cuts to the Small Business Administration, the squeezing of economic opportunity out of this country because of fiscal policies that are essentially tax cuts today and a billion dollars for Iraq every week.

The guiding philosophy that was expressed by the majority leader, the gentleman from Texas (Mr. DELAY), when we were debating last year the March 2003 tax cut, he said ''Nothing is more important in a time of war than cutting taxes.'' In other words, stick it to our kids. Force them to pay for the Iraq war and force them to pay for tax cuts for the wealthiest 1 percent in America. It is an embarrassment. It is an absolute embarrassment, it is wrong and, as I said before, the greatest generation, the World War II generation, would never have done to us what George Bush and the congressional Republicans are doing to our children and grandchildren.

Mr. SCOTT of Virginia. And, Mr. Speaker, the most unseemly part of what is going on is, as the interest on the national debt gets bigger and bigger, and, as I earlier indicated, the individual income tax only generates about $800 billion, we are paying $200 billion, $300 billion, $350 billion more in interest on the national debt and growing right at the time when the Social Security Trust Fund is going to be running the big, bigger, and bigger deficits, we have to assume that this administration has no intention of paying Social Security after 2017.

Mr. PRICE of North Carolina. Mr. Speaker, if the gentleman from Virginia will yield, I am struck by what our colleague from Maine has been saying about the national debt and the burden it represents on future generations.

We have had a discussion tonight that may strike some people as pretty complicated, with a lot of charts and figures. And sometimes we are criticized for not being able to reduce our arguments to a bumper sticker. Well, I have a couple of bumper stickers to suggest that I think sum up just what the gentleman from Maine and the gentleman from Virginia have been saying.

People like having that bumper sticker on the car about having an honor student at so-and-so high school. How about this one? ''My honor student will be paying for the Bush national debt.'' Or how about another one. ''George W. Bush: We will be forever in his debt.''

That is what we are talking about here. We are talking about an administration that has managed to engineer a $9.5 trillion fiscal reversal. And I appreciate the gentleman pointing out so competently the dimensions of that and exactly what it does portend for future generations.

Mr. SCOTT of Virginia. I thank the gentleman.

And the interest on the national debt that has to be paid, people have a sense that when you started charging things on your credit card, the minimum payment does not hurt you too much, until you start running up to where that minimum payment starts hurting. We are paying interest on the national debt at levels that rival the defense budget.

The defense budget this year is what, around $400 billion?

Mr. SPRATT. Four hundred twenty billion.

Mr. SCOTT of Virginia. Four hundred twenty billion dollars. The 2009 interest on the national debt is $316 billion over and above what we expected it to be. These are numbers which mean that later on we will not be able to do the kinds of things that we want to do.

We had projected surpluses in the hundreds of billions of dollars, which meant that we would be able to afford health care for the uninsured, education, college education, and veterans' benefits, including health care. The kinds of things that are real priorities. This year's budget did not have enough money in it to maintain present services for our veterans in health care. The veterans' groups wrote letters criticizing what we were doing, and yet we did not have the money because we are running up additional interest on the national debt.

We have a lot of priorities we are not able to meet, and the interest on the national debt gets larger and larger and larger and starts hitting us at exactly the same time when the Social Security surplus evaporates.

Mr. SPRATT. Mr. Speaker, I would like now to yield to the gentlewoman from Nevada (Ms. BERKLEY).

Ms. BERKLEY. Mr. Speaker, I thank the gentleman for yielding to me, and I appreciate the opportunity to share some of my thoughts with my colleagues, because I thought when President Bush took office, he promised to maintain the projected budget surplus. He promised to pay off the national debt and help the middle class working Americans. Instead, what I have seen is his policies have led to record deficits, increased Federal debt, and have put a squeeze on the middle class. These failed policies burden all Americans and endanger the future of hard-working families in Nevada and throughout this Nation.

When President Bush took office in January of 2001, the Congressional Budget Office projected a 10-year, $5.6 trillion surplus. Because of the irresponsible and failed economic policies of the Bush administration and the congressional Republicans, we can now expect a 10-year $3.5 trillion budget deficit. This is a $9 trillion, dare I say it, dare I use the word, flip-flop.

This year's deficit alone is a record $422 billion, the largest deficit in this Nation's history. We have gone from one of the largest budget surpluses in our Nation's history to the worst deficit our Nation has ever seen. And it does not matter what these neoRepublican economists are now saying. The facts are deficits matter.

Federal deficits directly affect every American. Higher deficits mean increased interest rates, higher car payments and rising mortgage costs. If the deficits continue the way they are, mortgage rates could go back to where they were in the 1980s, through the roof, making the dream of American home ownership virtually impossible for working families in this country. If interest rates rise by just 1 percent, 1 percent, homeowners will pay an additional $1,200 in interest payments every year for a typical $150,000, 30-year, fixed-rate mortgage.

□ 2130

Mountings deficits have also increased the Federal debt. The Federal debt was $6.7 trillion at the end of 2003. By the way this administration is going, the debt is going to be over $14 trillion in another 10 years. The Bush administration's solution to this skyrocketing debt, just raise the national debt ceiling for the third year in a row.

So what does an increase in the Federal debt mean to the people we represent? This year, Americans will spend $159 billion, an average of $4,400 per family, to pay the interest on the debt. Our constituents, the good people of Nevada, South Carolina and Virginia, want to spend their money on something else other than paying off the national debt. How about paying down their credit cards? How about paying their own student loans or house payments?

And how far is this President willing to go? How much more will this President drain from American families. How long are we going to put up with his fiscal foolishness and irresponsibility?

The Bush administration and congressional Republicans have had plenty of opportunities to fix this financial mess. They have not. They have refused to require spending offsets for new tax cuts as well as for new spending. We call this PAYGO, and it is essential to restoring this country's fiscal health.

In the 1990s, PAYGO led to budget surpluses and the largest economic expansion in this Nation since World War II, and it is hard to imagine responsible leaders rejecting this proven and successful budget policy. PAYGO, what is it? It is simple, we do not spend what we do not have. You pay as you go. It makes sense to everybody else except President Bush and the Republican leadership in Congress.

This administration and this Republican Congress are failing American families by failing to address our growing deficits. The first of 77 million baby boomers will be collecting Social Security benefits in less than 4 years and Medicare in less than 7. We should be preparing now by saving more and getting our Nation's economic house in order. Are we doing it? No we are not. President Bush and the Republican Congress are closing the door on a house on fire. They are running up the biggest deficits in history, no planning, no savings, no economic strategy, just reckless, foolish borrowing and spending.

To make matters worse, the Bush administration and Republican leaders are pushing for new tax cuts for corporations and for people who do not need more tax cuts. New tax cuts are not the solution. In 2004, this past year, 46 percent of Nevada taxpayers, the people I represent, received a tax break of less than $100, and what did Nevadans get for this $100?

Since President Bush took office, health care costs for families have risen $793; college tuition and fees have increased over $1,200; and gas prices have gone up an average of 33 percent. The average Nevada family now spends $495 more this year on gas than they did when President Bush took office. A $100 tax break barely dents the skyrocketing cost of living.

It is time for President Bush and Republicans in Congress to address the enormous financial burdens these growing deficits are placing on us. It is time to stop turning a blind eye to the burdens their failed policies will place on our children. It is time the American people hold President Bush and the Republican Congress accountable. I do not know what we have to do to make the American public wake up and see what is going on because night after night, day after day, we stand here, and we tell the American public what is going on and what is going to happen, and until we realize the seriousness of these deficits and the foolishness of this administration's fiscal policy, I fear that we are going to be in a world of hurt when this is all over.

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

Mr. MORAN of Virginia. Mr. Speaker, I thank the gentleman from South Carolina (Mr. SPRATT), the ranking member on the Committee on the Budget.

The people in the audience may wonder, what is the problem? Why are you getting so excited about this issue? Well, the problem is that, within another couple weeks, this fiscal year will have concluded, and according to the White House, the Congressional Budget Office and pretty much anyone who studies these numbers, we will have spent $422 billion more than we took in, a $422 billion deficit.

Now when President Bush took office, they estimated for this fiscal year we would have a $397 billion surplus. So, more than an $800 billion reversal has occurred just this year. The real impact is not going to be felt so much by the Members of Congress, those of us in our fifties and sixties, some of us; the real impact is on those who are in their twenties and thirties or just starting out raising a family, acquiring a home, looking forward to a bright future.

I do not think there has been any generation that has left a more challenging future for its children than our generation, the baby boom generation. It did not have to happen. But when Members consider a $422 billion deficit, that is 132,000 times more than the average young person is ever going to earn in their lifetime. It is an enormous figure.

Of course, all that contributes to a cumulative debt. It will be $6.7 trillion. And given the policies that the majority has put into place, recommended by the President, it will be a $13.3 trillion public debt by 2014, in 10 years.

Again, not our problem for those in the baby boom generation who will be retiring, doubling the number of people dependent on Social Security and Medicare; it will be primarily the problem of the next generation. But imagine what fiscal irresponsibility, to take all of the political credit for cutting taxes, for giving people everything they want and then passing the bill on to our children.

This election, in fact, I would suggest is really about that next generation. Even though they may not be the ones primarily voting, they are going to be the ones most adversely affected.

We had a hearing just last week. The gentleman from South Carolina (Mr. SPRATT) convened it. We brought in some young people that very well represented their age group, and we shared with them some numbers, that, in fact, the average college graduate now has a debt of $19,000. That is a student loan debt of $19,000. People in their twenties face an unemployment rate of 9 percent and a third lack health insurance. So, obviously, there is going to need to be more investment in education and making higher education more affordable, more investment in health care, making health insurance more affordable for the working class.

Clearly, there is a need to keep interest rates down, and yet what is going to happen, according to the Congressional Budget Office, if we make permanent all of these tax cuts, if we keep spending on defense primarily, but if we keep spending at the rate that this administration and the House and the Senate of the same political party obviously have been spending, and those are reasonable assumptions, that within a little more than a decade, there are only going to be three programs in the Federal Government; there will be

Social Security, Medicare and defense, and interest on the public debt.

That interest we estimate, by 2014, is going to be $350 billion, more than a thousand dollars per person, and if the President's policies are all implemented as he wants, it will be over $400 billion per year for nothing, to pay off the interest on the debt that the next generation's parents incurred. And they are going to get nothing back.

Where are they going to find the money to educate their own children and make health insurance affordable? Where are they going to find the money to send their kids on to college? I do not know. I do not know where they find the money for public transportation, health research or any of the things that have made this country great, but those are the issues that this deficit is all about. That is why we are making such a big deal about it. It is so wrong, so irresponsible.

We will have spent a couple hundred billion dollars in Iraq. We will have spent money on homeland security, maybe $30 billion a year. But those are not the principal reasons we have the deficit. About 60 percent of this deficit, way over the majority of the deficit, is attributable to tax cuts, to a policy that has been irresponsible from the very beginning. There is nothing wrong with giving people child tax credits. There is nothing wrong with accelerating depreciation in plant and equipment and so on, but there is something wrong when the average 20-year-old gets about $300 from a tax cut, and that is about 1 percent of what millionaires will get out of this tax cut. That is wrong.

This tax cut did not go to those people who needed it the most; it went to those people who needed it the least. And it is so doubly wrong to be paying for it on the backs of the working class by borrowing from Social Security and Medicare trust funds, by sending the debt to our children's generation and then retiring on Social Security and Medicare, leaving them to pay for our Social Security and medical costs, leaving them to pay the interest on the debt we accumulated and leaving them with virtually no resources to invest in their own children's education, health care, transportation, law enforcement and the like. It is just unbelievable how irresponsible this economic policy has been.

We would never treat our own children like this, but somehow, as a country, despite all our rhetoric to the contrary, this body has left a debt on the backs of our children that we know they can never, ever recover from, and it did not have to happen. That is why we are on the floor today urging this administration, urging this House of Representatives to do the right thing, not to continue to make permanent tax cuts that cannot be paid for, that are not necessary to stimulating this economy; not to continue a policy that is based upon turning the debt over to the next generation. It is irresponsible, it is un-American, and it is wrong.

Mr. SPRATT. Mr. Speaker, I thank the gentleman from Virginia (Mr. MORAN) for his eloquent remarks. That is the reason we took advantage of this Special Order, to call attention to this problem. It should be a problem of national concern, a call to action.

Here we are 9 days before the end of the fiscal year, and we do not even have a budget for next year, much less a multi-year budget like those we adopted in 1990, 1993 and 1997 and finally brought the deficit to heel. We do not have any of the implements in place to deal with this monumental problem, even though we proved in the 1990s that those implements, like the PAYGO rule, the discretionary spending ceiling and sequestration were useful tools and could actually turn the budget around from a deficit of $290 billion in 1992 to a surplus of $236 billion in 1998. That actually happened, and it can happen again if there is leadership coupled with the right process and procedures in this House, and we do not have them at all.

We do not even have enough consensus under the Republican leadership of this House and Senate to develop a budget for next year, much less a budget for the next 5 years. We will never do it. If there is anything learned from the 1990s, we will never do it ad hoc. Indeed, the biggest enemy I have often said of deficit reduction is something we call disaggregation, breaking the process up into so many pieces that nobody ever gets a full picture of what is happening even though it is a monumental process.

So here I stand, 9 days before the end of the fiscal year. We thought it was an appropriate time to call attention to the record of this year, the record debt, and to the fact there is no prospect for dealing with this in 2005 at all.

Mr. MORAN of Virginia. Mr. Speaker, I thank the gentleman from South Carolina (Mr. SPRATT) for clarifying the context in which this Special Order was made. I know that the gentleman supported President Bush, the 41st President's policy of PAYGO. If we are going to cut taxes, we have to show how we are going to pay for it.

□ 2145

We have got to balance the budget. President Bush the 41st set us on to that path of fiscal responsibility. President Clinton, in the 1993 Balanced Budget Act, made it work. He put tight spending limits. He made sure that if we cut taxes, then we are going to offset it so that we can continue to keep that balanced budget. And, boy, it worked. For 8 years it worked. And I know how strongly our ranking member on the Committee on the Budget supported that policy.

But now I know that the ranking member has supported just as strongly trying to sustain that policy; and yet for some reason, the other side, apparently, the majority of this Congress, feels that that policy, even as successful as it was, should not be continued.

Mr. SPRATT. Mr. Speaker, reclaiming my time, to wrap it up, looking back, we started off talking about the deficit and accumulation of debt. Here is what we have accomplished, this Congress and this administration, in 3 years:

The first year, instead of paying down the debt as the Clinton administration had done for 3 years in a row, they raised the debt ceiling by $450 billion. That was good for just 1 year. The next year, 2003, they raised the debt ceiling again by $984 billion, the biggest increase ever; and it has lasted for 15 months. Waiting in the wings right now is another debt ceiling increase of $690 billion; and what it is waiting on is a bill to which it can be attached, a vehicle that can carry it to passage with as few fingerprints on it as possible because nobody wants to be responsible for passing that kind of debt ceiling increase.

So the Treasury is reduced to engaging in a lot of gimmicks with Federal retirement funds, for example, in order that we can tie things over until finally that debt-ceiling increase can be passed. In 3 years we will have raised the debt ceiling by $2.1 trillion. Compare that to the previous 8 years, and it is a phenomenal and depressing reversal.

I thank the gentleman for his participation and his eloquent comments.

OUR TROOPS IN IRAQ

The SPEAKER pro tempore (Mr. MCCOTTER). Under the Speaker's announced policy of January 7, 2003, the gentleman from California (Mr. HUNTER) is recognized for 60 minutes as the designee of the majority leader.

Mr. HUNTER. Mr. Speaker, I rise to talk about the rotation of troops in Iraq that has occurred over the last year or so and the rotation that is being scheduled for the next year.

There has been a statement by the Kerry campaign, by Senator KERRY, to the effect that there is a secret plan to call up a lot more troops and to do some wild thing after the election. That is not the case, Mr. Speaker. And, in fact, we held a hearing in July in which the Department of Defense walked through their plan for the next phase or the next rotation of troops into Iraq. And let me for the record just go over what has taken place.

The first half of this chart showing Iraq shows the present configuration of major ground forces in Iraq; and what we had before this, of course, was the 101st Airborne up north in the northern area. We had the 4th Infantry Division in the Tikrit area. That is over here. We had the 1st Armored Division in the heart of Baghdad, and we had out to the western area, all the way to the Syrian border, the 82nd Airborne Division. That rotation took place in which those forces were replaced by the forces that are there right now.

And as a result of that, we have got a striker brigade up north that took