

budget will still increase the deficit by more than 100 billion.

Even more outrageous is that these cuts would make our government—which is meant to be of the people and for the people—less responsive to the people who need its help most.

Fewer food stamps. Reduced student loans. Less aid for foster care. Reduced Medicaid access.

And we all saw how Katrina disproportionately devastated low-income Americans.

Those Americans already lost their homes and their livelihoods, now they are in line to lose the federal aid that could help them the most.

It isn't surprising—this same Congress that gives no-strings aid to Iraq also demands that residents of the Gulf Coast repay emergency disaster assistance.

I urge my colleagues to vote “no” on the budget reconciliation—it's an uncompassionate and misguided bill.

Mr. BISHOP of New York. Mr. Speaker, I thank the gentleman from South Carolina, Mr. SPRATT, for yielding and for his superb leadership in presenting the case against the spending cuts contained in the first half of this misguided budget reconciliation package.

When the final budget resolution passed by a margin of only three votes back in April, who would have guessed that the Republican leadership would want to re-visit this legislation by actually making deeper cuts to health care, student loans, and food stamps—particularly in a time of national crisis?

And given that Congress has not enacted budget reconciliation since 1997, you would have thought that the Republican leadership could have put forward a more fair and balanced set of spending adjustments after preparing for eight years between reconciliations.

When you think about it, budget reconciliation is not much different than balancing a checkbook, unless, of course, you are referring to the way Congress balances its books.

On one side of the ledger, we have spending cuts—ostensibly to pay for rebuilding the Gulf Coast, but in reality to pay for the tax cuts that this leadership insists on passing despite three consecutive years of record-breaking deficits and \$3 trillion in new debt.

Still, this reconciliation package doesn't even pay for the tax cuts. The net result is actually an increase in the deficit of at least \$50 billion.

And in the other column, even after the tax cuts are in place, there won't be a dime left over to pay for reconstruction in the wake of Hurricanes Katrina, Rita or Wilma.

Like the 2001 and 2003 tax cuts—and like the class action, bankruptcy and needless tort reform on the Republican agenda—this Administration's failed economic policies and misplaced priorities are on display again this week in the form of the “Reconciliation Spending Cuts Act of 2005.”

Championing the values and priorities of the wealthiest at the expense of the middle class—and by punching holes in the safety net—are hallmarks of this Administration but not the solution we need today to alleviate the misery in the Gulf Coast or ease the squeeze on the middle class.

As we build new universities in Baghdad, schools across the United States are falling apart. How can we in good conscious cut student loans after the College Board recently re-

ported tuition continues to rise faster than the rate of inflation?

To illustrate this point, consider that under this legislation, someone earning over \$1 million stands to gain a tax break of \$19,000—on top of the average \$103,000 tax cut they already receive—whereas the typical student borrower, already saddled with \$17,500 in debt, would face new fees and higher interest charges that could cost up to an additional \$5,800.

And yet, no one in this Administration has suggested putting Iraqi reconstruction money on the table. We simply cannot afford the continuing sacrifices and investments there at the expense of our priorities here at home. Nor has there been any hint that the tax cuts should be suspended for those earning more than \$400,000 or that we should scale back the estate tax cut, which has no impact on nearly 98 percent of American families.

None of this is on the table, even though federal spending has grown by a third and record surpluses became record deficits since President Bush took office. With the most expensive tax cuts not yet fully phased-in, these policies threaten to expand the deficit beyond what we and future generations of Americans can afford.

Common sense tells us that when you're in a hole, stop digging. But not only are we still digging, we are falling deeper into new fiscal depths with this budget.

Mr. Speaker, Hurricane Katrina was a tragic reminder that too many American families are struggling in today's economy. Squeezing them harder, as this reconciliation legislation would do, is not the answer. It takes our nation in the wrong direction, and I urge my colleagues to defeat it.

Ms. JACKSON-LEE of Texas. Mr. Speaker, Key Points About Reconciliation:

1. All of these spending cuts will be used to offset tax cuts, not the costs of hurricane response or deficit reduction.

2. Spending cuts threaten vital services, including services for hurricane victims.

3. Even with these spending cuts, the Republican budget resolution still increases the deficit by more than \$100 billion over five years.

4. Republicans reveal a double standard in proposing to offset hurricane costs but not war costs or tax cuts.

Summary of Cuts: The \$53.9 billion in cuts is \$14.8 billion higher than the reconciliation cuts that the Senate is considering.

The \$53.9 billion in cuts marks a 56 percent increase from the \$34.7 billion in reconciled spending cuts included in this year's budget resolution.

The budget cuts do not offset spending for hurricane reconstruction—they go towards offsetting \$106 billion in tax cuts.

Why does republican leadership insist on offsetting the cost of rebuilding damage from Katrina, but not the cost rebuilding Iraq?

The objectionable cuts threaten vital services that people depend on:

1. Medicaid—The bill cuts Medicaid spending by \$11.9 billion.

a. \$8.8 billion will fall upon beneficiaries in the form of increases in cost-sharing and premiums.

b. “Flexibility” that will allow states to cut benefit packages for certain individuals.

c. Provisions that will make it harder for some seniors to access needed long-term care.

2. Student Loans—The bill cuts spending on student loan programs by \$14.3 billion over five years.

a. Primarily through increases in the interest rates and fees that students pay as well as some reductions in subsidies to lenders.

b. At a time when college costs are rising faster than inflation, the Committee is making the largest cut in the history of the student loan programs.

3. Food Stamps—The legislation imposes cuts to food stamps of \$844 million over five years (2006–2010).

a. Savings are achieved by adopting the President's proposal to limit categorical eligibility for food stamps to TANF recipients and increasing the in-country waiting period for legal immigrants to seven years. Under current law, 44 percent of those eligible for food stamps do not participate in the program. Changes such as these may mean even fewer vulnerable children and working families who qualify for nutrition benefits will actually receive them.

4. Children—

a. The legislation cuts \$4.9 billion from child support programs over five years.

i. This cut will reduce states' capacity to establish and enforce child support orders. Custodial parents will receive \$7.1 billion less child support over five years and \$21.3 billion less over ten years.

b. The Committee cut \$397 million from foster care over five years by limiting children's eligibility for federally funded foster care payments.

i. The committee saved another \$180 million by limiting circumstances under which states can receive federal funding for services provided to children.

CORRECTING AMERICA'S IMBALANCED TRADING RELATIONSHIPS

The SPEAKER pro tempore (Mr. FITZPATRICK of Pennsylvania). Under a previous order of the House, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

Ms. KAPTUR. Mr. Speaker, I rise today on the heels of President Bush's failed trade trip to Latin America to discuss our Nation's trade policy, a policy that continues to ship out American jobs, a policy that opens our doors to imports while other markets remain closed to us. Markets like Japan, markets like China, they keep their doors shut tight.

This is a policy that is hurting our country, not just today, but for tomorrow. It hurts our workers. It hurts our farmers; and, indeed, it truly hurts our future.

Our latest trade deficit numbers released last month for the month of August show yet another increase in America's trade deficit. The trade deficit for the month of August alone was \$59 billion. For every billion dollars of deficit, we incur another 20,000 lost jobs. In a year, the loss to us is over three-quarters of a trillion dollars of more imports coming in than exports going out.

Last year our trade deficit was \$668 billion; and in the first half of this year, this number clearly was increasing. This chart summarizes what has

been happening with the rise in imports over exports over the last 20 years. Every single year, after every single one of these trade agreements gets signed, the red ink gets deeper and deeper. It will not take long to reach a trillion dollars, which lops real economic growth off our gross domestic product.

According to one report, the higher price of oil this year alone could add an estimated 60 to \$90 billion more to the trade deficit of 2006. The deficit represents jobs lost in our communities, lives changed forever, as well as a very real threat to the economic security of our country.

Trade agreements like, and Members know the names, NAFTA, CAFTA, PNTR, normal trade relations with China. I do not know what is normal about having hundreds of billions of dollars of deficit with any country where our jobs have been shipped elsewhere. We can see the cashing out of America.

The latest company that tells us they are ready to leave is Delphi, based in Flint, Michigan, a corporation that employs over 50,000 people nationwide, telling workers they have to take a two-thirds cut in wages, pensions gone, health benefit gone. And what they are basically doing, they are following their major customer, which is General Motors, which has cashed out to Mexico, and now the suppliers are following suit.

Here is how the trade model works: half of Delphi's sales go to General Motors. Therefore, if General Motors outsources, so will Delphi. If General Motors goes to Mexico, which is has, it is the largest employer in Mexico after the government of Mexico and the oil industry, so will Delphi go. How destructive this trend is to our future as we see our workers work for lower wages and our families shopping now at Wal-Mart to get bargain prices. Imagine, Wal-Mart, the largest employer in the United States of America. We are becoming a distributor not a manufacturer, and our people are not earning enough to shop at the department stores that they used to. Many of those have closed in the major metropolitan areas of our country.

What we find are the Wall Street investors, who have a global reach and love to get richer than any of us could ever imagine, are taking production around the world. Franklin Roosevelt had it right: he called them the malefactors of great wealth. They do great damage in their path.

Today I do not want to just draw attention to what has been happening to our economy and working people, but I want to draw attention to what we can do. Sadly, President Bush appears to be trying to expand NAFTA with his recent trip down to Latin America, and the people down there have awakened to what these trade agreements really mean to them. The Free Trade Agreement of the Americas appears to be dying a slow death.

But I have a different idea, and so do some of my colleagues. This week we are introducing a bill, the Balancing Trade Act of 2005, which will require action on the part of the President when America faces deficits like we see today. It would require the President to take action to correct these imbalanced trading relationships with any nation where our deficit with them would equal \$10 billion in any 3-year period, in other words, where that \$10 billion would exist for 3 consecutive years.

Our trade balance, for example, with both of our NAFTA trading partners has been more than \$10 billion in deficit for the last 3 years. NAFTA has basically been a great sucking sound of jobs out of this country.

Our trade deficit with China has been greater than \$100 billion this year and over the last 3 years, and rising every single year. It is more lost jobs, and this bill says it is time to stop the music; it is time to start doing something about this.

In order to correct accounts that are seriously in the red, someone has to go back and look at the books. It is a responsible approach, one that the executive branch should be taking and one that is long overdue. I ask my colleagues to look at the Balancing Trade Act of 2005 and join us as cosponsors to right America's very imbalanced trading relations with the world.

THIS IS NOT THE TIME TO UNDERCUT AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, just a few minutes ago, many heard my colleagues join in a full discussion on the very important debate that we will engage in this coming week regarding the Budget Reconciliation Act. Frankly, I wish we could go back to the days of old of this institution when you could have a thorough debate. The Founding Fathers established this august body, some 13 colonies; and when they engaged in a debate, it was just that: it was a thorough analysis. It was a long, extended analysis of the issue at hand. I imagine that might have been the setting in the Constitutional Convention when we established this Nation and we premised it on democracy.

One day of debate certainly does not equal the moment of importance to be voting on what we call a budget reconciliation bill when so many lives will be impacted.

Just a few minutes ago, I hung up from a call with my local authorities who were speaking to me about the enormous mounting need for resources in the gulf region. We know how generous Americans have been, but it is important to note that States like Texas, Alabama, and Louisiana are still trying to work with the many

Hurricane Katrina survivors, our neighbors on the east coast and Florida, impacted by Wilma, and now our neighbors to the north impacted by this terrible tornado in Indiana and Kentucky. It says that we must be empathetic and sympathetic and our budget reconciliation has to address the idea of being willing to give people, not a hand out, but a hand up.

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Well, Mr. Speaker I do not see how we can possibly do that under the heavy burden of between \$70 billion and \$200 billion in tax cuts. It just does not work, the sacrifice that our soldiers are making in the week of the veterans celebration, commemoration, so many veterans who have come home from Iraq who are now in need of hospital care and counseling and jobs. As we honor them this Friday, what sense does it make to be able to say to these veterans who may ultimately either want to be able to send their young people, their children, to school because so many of them are Reservists, that we would in this day, one day, raid student aid?

The single largest cut to student aid will occur if this budget passes on Thursday, \$14 billion, \$14.33 billion cut from student aid, \$7.8 billion in new charges on student aid for parent-borrowers. Those are the same parents who are seeing their salaries go down, who are seeing a consolidation of their companies and, therefore, layoffs, who are seeing a lack of increase in their salaries, who have not seen an increase in the minimum wage for years.

We cannot afford this kind of raid on the Treasury so that students who are only seeking an opportunity for a hand up and not a handout are going to be the victims of this budget reconciliation.

Might I also suggest that we have better priorities than to give tax cuts to the 1 percent richest in America. We have better priorities than to provide for a \$200 billion tax cut that takes place in 2006. We can document that tax cuts do not energize the economy. We can document that it is jobs, that it is the investment in the building of jobs.

It will be the building of homes in the gulf region, creating opportunities for American workers. It will be, in fact, the investment in students that will be the creation of jobs, not an average tax cut through 2010 without sunsets, this multibillion dollar tax cut that we can see and the income groups that will get it, the top 1% income earners in America. The amount of the tax cut here shows more than \$87,000, going to the richest Americans. This is the kind of difficulty that we will face in this debate, and frankly, I believe that we can wait on those tax cuts.

What else we can wait on, Mr. Speaker, is the raid on Medicaid, because Medicaid will experience \$12 billion in cuts over 5 years, \$47.7 billion in cuts in Medicaid over 10 years. We believe,