

So we just have a misdirected administration who has messed up everything. They have created a crisis. Our young men and women are dying. We are spending American taxpayers' dollars. This money is going out of the window. We are not accomplishing anything. We are getting ripped off in more ways than one. Halliburton is making all of its money. They have been cheating us, and we have slapped them on the wrist, and we have let them go.

We are sick and tired. Enough is enough, and I would like to say to the gentlewoman from California, if you have one last word in this 1 minute or so, please.

Ms. WOOLSEY. Mr. Speaker, my last word is wake up, catch up with the American people. Bring our troops home if you support them.

DEFICIT REDUCTION ACT

The SPEAKER pro tempore (Mr. FITZPATRICK of Pennsylvania). Under the Speaker's announced policy of January 4, 2005, the gentleman from Texas (Mr. HENSARLING) is recognized for 60 minutes as the designee of the majority leader.

Mr. HENSARLING. Mr. Speaker, tonight, we are coming here to talk about a very important piece of legislation titled the Deficit Reduction Act.

Mr. Speaker, our Nation is seeing a number of challenges here, obviously 9/11, which we have heard a lot about. Recently our Nation has been hit with a number of hurricanes, natural disasters that have proven very, very costly to our Nation. Now we have seen the threat of avian flu. There are a number of different challenges our Nation faces, and we will meet these challenges; but meeting these challenges is not free.

Particularly within the context of the hurricanes that have hit, at the end of the day, when we look at the Federal response, how much money the Federal Government is going to spend, there are really only three ways that we are going to be able to pay for this. Either number one we are going to raise taxes on hardworking American families yet again as they are facing challenges in meeting the cost of filling up their pick-up trucks and heating their homes, or we are going to pass debt on to our children, even more debt to be passed on to our children. But, Mr. Speaker, we on the Republican side of the aisle believe that there is another way, and that way is to restrain the growth of government. That way is to protect the family budget from the Federal budget.

We are going to spend some time, Mr. Speaker, this evening bringing up some very interesting facts that we believe the American people need to know.

Number one, you will hear this evening about how tax relief that we have brought to American families and small businesses, that has been part of our deficit solution, not part of our def-

icit problem; and we will talk about that later this evening because there has been a lot of misinformation there.

In addition, we have heard the other side talk about gross and draconian cuts in the Federal budget. Well, what we are going to discover, Mr. Speaker, is what they call a draconian cut is trying to restrain the growth of government so we do not have to raise taxes, so we do not have to pass on debt to our children. It is the same old song we have heard from them for 50 years.

What we also hear from them is that somehow any reform, any accountability that we institute in the Federal budget is somehow tantamount to hurting the poor. Mr. Speaker, we do not buy that. The American people do not buy that either because we know that year after year after year, as we dump new programs on top of old programs, as the Federal Government refuses to measure the success, the progress, the ability of these programs to meet goals, that we have a budget now that is fraught with waste. It is fraught with abuse. It is fraught with duplication.

Mr. Speaker, finally, not all spending is created equal. Families all over America have to make some tough decisions occasionally at the end of the month when that paycheck begins to run out, and this is what people do in a great Nation.

In my own family, if we are a little low on money at the end of the month, I am not going to tell my two children, my 3½-year-old daughter and 2-year-old son, I am sorry, children, you just cannot have anymore milk because your mom and I have got this great movie we want to go see. What happens is my wife and I do not go to the movie. Instead, we buy the milk for the children.

Some spending in the Federal budget is just not high priority, not when compared to trying to relieve human suffering along the gulf coast that has been wrought by these hurricanes. So the American people, I think they instinctively know, but occasionally we have to remind them about what is in this Federal budget.

Mr. Speaker, often when we spend money here in Washington, D.C., many good things come from it: Kevlar vests for our brave men and women fighting in Iraq and fighting in the global war on terror. Occasionally money is spent to help start a small business; but more often than not, though, we see that this money is spent for an \$800,000 outhouse in a national park and the toilet does not even flush. We see it spent on 342 different Federal economic development programs, 342. Does that not suggest some duplication? More often than not, it is spent on food stamps where 10, 20, and sometimes 30 percent of the recipients do not even qualify because we are not checking their income levels, and the list goes on and on and on.

The important thing, Mr. Speaker, that we need to know this evening is

that there are plenty of places in the Federal budget where we can save money so that families do not have to cut their budgets because every dollar we spend here is a dollar that we cannot spend back in Texas or Tennessee or Virginia or New York.

At the end of the day, it is not the government's money. It is the people's money, and we need to institute more accountability in the system. I wish more of our friends on the Democrat side of the aisle would come and help us, but too often they have bottled up each and every reform. They do not believe that there is any waste in the Federal budget. They do not believe there is any duplication in the Federal budget. They believe all spending is great spending, that nothing good has ever happened in our Nation unless it as the result of a Federal program; and that is not true.

So, Mr. Speaker, the first thing that we want to discuss this evening is to talk a little bit about what is in this Federal budget, this \$2.4 trillion budget, a budget that over the last 10 years has been growing at least a third faster than the family budget, a Federal budget that, in my lifetime, Mr. Speaker, has grown seven times faster than the family budget. That is an unconscionable growth rate. That is an unsustainable growth rate.

Again, our purpose here is to provide reforms. It is to provide accountability, and it is to spare our children the future of having to have a massive tax increase or massive debt placed on them.

So we want to talk about different ways that we believe that we can save money in Washington, D.C. without cutting vital programs. We want to make sure that the social safety net is in place; but we know that the greatest social welfare program, the greatest housing program, the greatest education program in the history of mankind is a job, a job provided by the American free enterprise system, which is what our economic policies are all about. That is why we have been able to create 4 million new jobs in this economy, with tax relief for small businesses and American families.

So there are a lot of things that we need to do to protect that family budget from the Federal budget; and I am very, very happy, Mr. Speaker, that I have been joined by a number of our colleagues who are leaders in this Congress on trying to help root out this waste and this fraud and this abuse and this duplication in the Federal budget so that we can indeed protect that family budget.

One of the individuals who is joining us this evening is one of the leaders in government reform, a colleague of mine that I have been very proud to know, a real leader in this Congress on that subject, the gentlewoman from Tennessee (Mrs. BLACKBURN); and I would be glad to yield to her.

Mrs. BLACKBURN. Mr. Speaker, I thank the gentleman from Texas for

his words of wisdom and for the commitment that he brings to protecting the Federal budget, just as he does the family budget. I appreciate the diligence as he goes about this, whether it is Operation Offset or Washington Waste Watchers. He has certainly worked very, very hard on this.

□ 2230

I was talking about his good work in my district one day in one of the town halls and talked about how he felt like we should watch the Federal budget like the family budget and some of the information that he brought to us.

One of my constituents raised his hand; and he said, "Mrs. BLACKBURN, I tell you, I really appreciate that. You know, sometimes I think the Federal Government does get out of hand. It does need to be reined in." He said, "They need to take a lesson from some of us." He said, "Sometimes, you know, I have too much month left over at the end of my money. And when that happens, we have to just sit down and work things a little bit differently."

Well, Mr. Speaker, I think that that is the kind of wisdom we need to put on the table here in Washington. Maybe we have too much year left over at the end of our money, which means it is time for us to prioritize and to focus and to do things a little bit differently.

We know that government does not have a revenue problem. Government has a spending problem. And we also know that the government is never going to get enough of the taxpayers' money. They are never, ever, ever going to get enough of the taxpayers' money. Never happen. Because there is always going to be one more program, one more activity, one more department, one more need, one more something that they feel like needs that money.

Now one of the things that we have done here is to talk about the Deficit Reduction Act, and that is a piece of legislation that is going to come before this body soon. The majority here in the House has worked diligently on the Deficit Reduction Act. Many of our colleagues across the aisle are fighting us tongue, tooth and toenail. Every time we turn around they are just fighting us every step of the way on this.

Mr. Speaker, I have to tell you, I think there is a reason for this. With over 40 years of Democrat control of this body, they have really built a monument to themselves; and that monument is a huge enormous bureaucracy. What it comes down to is that they would rather support bureaucrats in buildings and trust them to make decisions for the average American family and for taxpayers than to trust individuals and families to make those decisions. Their focus is putting the attention on preserving that bureaucracy and growing that bureaucracy.

As the gentleman from Texas has said, fiscal responsibility is what our work focuses on: How do we rein this

government in? How do we slow the growth? How do we begin to work toward reducing spending, reducing the deficit and being certain that this Nation remains a free and productive Nation for our children and our grandchildren? That has brought us to working out the budget, the Deficit Reduction Act, that we are bringing forward this year.

My colleague from Texas mentioned a few things about waste, fraud and abuse; and we have put some attention on that this year here in the House. I want to highlight a couple of things. When we hear our colleagues from across the aisle say, well, there is nowhere to cut. We cannot find any savings. We cannot reduce these programs. My goodness, what would they do if we slowed their growth and did not let them have more money this year than they had last year?

Well, I just want to highlight a few things that when we talk about we have reduced the deficit by \$50 billion, an additional, additional \$50 billion this year, I want to highlight a few things where we have found waste, fraud and abuse. We have only done a drop in the bucket, and we have had to fight every step of the way to get this, but just listen to some of these things that we highlight that we know are there.

From 2003, the Federal Government cannot account for \$24 and a half billion that it spent. We think that accountability is important. A White House review of just a sample of the Federal budget identified \$90 billion spent on programs deemed ineffective, marginally adequate or operating under a flawed purpose or design, \$90 billion. Well, already if we could get support for going after these dollars we would be well over \$100 billion.

Housing and Urban Development, \$3.3 billion in overpayments in 2001, which accounted for over 10 percent of the Department's total budget. Now many of us have supported across-the-board cuts, Mr. Speaker; and I was joined by the gentleman from Virginia (Mr. CANTOR) and the gentleman from Texas (Mr. HENSARLING) in filing bills that would call for either a 1 or 2 or 5 percent across-the-board reduction in spending.

Most folks would look at their budget and say, you know, I can find 1, 2, or 5 percent by just getting in here and cleaning up some of my operations. Well, HUD had overpayments that accounted for over 10 percent of their budget. If they just cleaned up their books and cut out the overpayments, there would be 10 percent right there.

Duplication. The gentleman from Texas mentioned duplication of programs, and there is a lot of that here. We know that when you have a big Federal program you have a bureaucracy, you have bureaucrats in these great big shiny buildings all around Washington, D.C., and all around our country that run the programs. We have on the books 342 different eco-

nomics development programs, 130 programs serving the disabled, 130 programs serving at-risk youth, 90 early childhood development programs, 75 programs funding international education, cultural, and training exchange activities.

Mr. Speaker, we are simply saying, let us put the money in the programs where it is going to do good in local communities. Let us get rid of the bureaucracy. Let us streamline some of this. Let us get rid of redundancies and duplications and be certain that the money is going for what it is intended: helping individuals in the communities.

Washington spends \$60 billion on corporate welfare every year versus \$43 billion on homeland security. Priorities. They are important. Farm subsidies go to several Members of Congress and celebrity hobby farmers such as David Rockefeller, Ted Turner, Scottie Pippin, and former Enron CEO Ken Lay. Something to look at.

Medicare programs that pay eight times as much for the cost of drugs as other Federal agencies are paying for medical supplies. This needs to be dealt with.

Food stamp overpayments that are costing taxpayers \$600 million annually, many of those payments going to individuals who are not in the country legally.

School lunch program abuse has been estimated by the GAO to be at \$120 million annually.

Mr. Speaker, these are all examples of waste, fraud, and abuse that have been documented by the OMB, the CBO, and the GAO, agencies of the Federal Government. These are agencies that work with Congress to say go back and take a second look and look at how this money is being spent. Exercise your oversight. And that is what we are doing as we move forward on fiscal responsibility and accountability and as we bring forward the Deficit Reduction Act.

I thank the gentleman from Texas for allowing me to join him tonight. I thank him for his diligence and his leadership on this effort, the leadership that he gives to the Republican Study Committee and that he gives here to the entire body of the House.

With that, Mr. Speaker, I yield back to the gentleman.

Mr. HENSARLING. Mr. Speaker, I certainly thank the gentlewoman for her insight and leadership on this subject. Mr. Speaker, she brought up just a number of different examples illustrating the point that, again, there is so much waste and there is so much fraud and there is so much duplication and low-priority spending in this budget, yet Democrats do not want to work with us to try to reform this.

Mr. Speaker, we have 10,000 different Federal programs spread across over 600 different agencies, and we have many pressing needs, but we owe it to the American people to bring some accountability here.

Now, again, as my able colleague, the gentlewoman from Tennessee, talked about, we know what the Democrats will say about these different programs. Well, wait a second, that is really massive cuts in spending.

Mr. Speaker, as I said earlier, anybody in this body is entitled to their own opinions, but they are not entitled to their own facts. Let me talk a little about what the facts are, and then we will go back and talk about even more waste and fraud in this budget.

When they talk about massive cuts in the Federal budget, let us put this in perspective. If we are, among other things, besides trying to reduce the deficit, if we are trying to pay for the hurricane damage, so far that bill for the Federal Government has totaled about \$62 billion. Yet the Federal budget over this same 5-year period is \$13.9 trillion. Mr. Speaker, as I do my math, we are talking about less than half a cent, less than half a penny, and this is called some type of massive cut?

What it tells me is that, as we are trying to fight the deficit, all we hear about from the Democrats is tax relief, we hear about massive cuts, and yet we are talking about half a cent. If we cannot find a half a penny of savings on the dollar in a \$13.9 trillion budget, well, we are just not looking.

Any small business in America, any family in America would laugh in our face if we told them, well, there is just no way that we can find a half a cent of savings on the dollar to protect your family budget. No, we are going to have to increase taxes, or maybe we will just pass debts on to your children. Mr. Speaker, that is just totally, totally unacceptable.

Mrs. BLACKBURN. If the gentleman will yield.

Mr. HENSARLING. Yes, I will be happy to yield to the gentlewoman.

Mrs. BLACKBURN. To the gentleman's point as he is talking about the budget and what we would do with making some adjustments within that budget, Medicaid is an issue that we addressed in the Energy and Commerce Committee last week and looked at some forms and some redesigning and revitalization of Medicaid, being certain that we preserve access to health care for Americans. In this process, we looked at the annual expected growth rate of Medicaid, which is 7.3 percent per year. And by looking at pharmaceuticals, making adjustments there, rooting out some waste and fraud and some abuse, closing some loopholes, addressing some inefficiencies, we were able to slow the growth from 7.3 percent to 7 percent growth per year.

But, in liberal lingo, the gentleman from Texas knows that that is described by our colleagues across the aisle as a cut, when all we have really done is to say, let us get the fiscal house in order and be certain that we are using the technologies and availing ourselves of the efficiencies available.

Mr. HENSARLING. Well, the gentlewoman is so right. It begs the question,

Mr. Speaker, how much government is enough? As we can see from this chart, already Washington is now spending over \$22,000 per American family; and this is one of the greatest levels in history.

For only the fourth time in American history has the Federal Government taken that much money away from American families to spend up here. And look at this growth curve. \$22,000 per family for only the fourth time in American history. Again, how much government is enough?

And, as I stated earlier, just look at the last 10 years. Look at the growth of the family budget, which is here, the blue line, versus the growth of the Federal budget. The Federal budget in the last 10 years has grown a third faster and keeps on growing and growing. And as we will discuss later this evening, the trend line is only getting worse.

But here is a very, very important point to make with this chart, Mr. Speaker, and that is, again, as we talk about ways that we can find efficiencies in government, as we talk about ways that we can reduce the waste, where money is taken from hard-working families in America and wasted up here, here is something that every American ought to know in this debate. Even once we are successful in passing this Deficit Reduction Act and engaging in this process called reconciliation, which is a fancy Washington term that just means we are going to start reforming these out-of-control entitlement programs, guess what, Mr. Speaker? They are going to grow at 6.3 percent instead of 6.4 percent.

That is the massive cut that the Democrats talk about. It is not a cut. We are increasing this spending, but we are not increasing it as fast as it would be on mere automatic pilot. But somehow, in Washington lingo, as my colleague pointed out, somebody calls that a cut. Now, only a liberal in Washington or an Enron accountant can look at that chart and somehow call that a cut.

Again, Mr. Speaker, maybe people are entitled to their own opinions, but they are not entitled to their own facts.

□ 2245

Mr. Speaker, again let me go over even more examples that we will have about where we can find savings in this Federal budget. Because, again, Mr. Speaker, either we are going to find savings in the Federal budget or we are going to attack the family budget by raising taxes or we are going to pass debt on to our children. So it is incumbent upon us to find ways to reform government and to make it more accountable.

With that, I notice we have been joined by two of our colleagues. I am very happy that we have been joined by the gentleman from Virginia, the deputy majority whip, who has been a real leader in this House for trying to bring accountability into the Federal budget.

Mr. Speaker, I yield to the gentleman from Virginia (Mr. CANTOR) for his comments on this subject.

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

And I also would like to join the gentlewoman from Tennessee in really saluting the gentleman from Texas and his commitment to being a prudent steward of the taxpayer dollar. I do not think there is anyone who serves in this House who has more of a commitment to the notion that the dollars that we spend and we raise here at the Federal level, the fact that they are not really dollars that belong to the government, they are dollars that belong to the people and the businesses that earn them. Again, as a watchdog of the Treasury, I do not think there is any other more adamant and loyal soldier than the gentleman from Texas; and I do congratulate him on that accomplishment and know that he will continue to serve in that capacity.

Mr. Speaker, I would like to also return and just set the record straight for some of the statements that were made in the prior hour regarding the war in Iraq. If I could just diverge a little bit from the topic at hand here regarding the Federal budget, because of the statements that were made: "We are helping cause the local insurgency in Iraq." The next quote was, "If you want to end terrorism, get out of Iraq. Go after Osama bin Laden."

As for the first, I am having a little difficulty following the logic of how the presence of American troops in Iraq would cause local insurgency. We all know, as we read the news reports every day, that there is a stream of outsiders coming in, joining with the Sunni insurgency in Iraq, and it has become ground zero for the terrorists who wish to do us harm in the United States, who wish to do Israel harm in the Middle East and, frankly, wish to do harm to anyone in the free world.

Mr. Speaker, I would say to the individuals in the prior hour that, make no mistake, Iraq, Afghanistan, other parts of the world where we see the operation of terrorist organizations and cooperation by local regimes, that dynamic, that formula is what continues to fuel the war that we are engaged in. It is directly the sponsorship of unfriendly regimes of these terrorist organizations that allow these organizations sanctuary in which to train, that allow these organizations resources on which to operate and, frankly, allow them to pull off the terrorist attacks that we have seen, frankly, for almost two decades, if not longer.

One of the gentlewomen who were involved in the discussion prior said that we, if we want to go after the terrorists, should go after the individuals that perpetrated the attacks on 9/11; and, of course, we are. First of all, we know that 19 of them perished in their mission and demonstrated that their hatred of us knows no bounds. They avenged that hatred, including taking their own lives.

So we are engaged in a war for the free world, and the sooner that all of us in this House recognize that and support this President and this administration in what we are trying to do, and that is to secure our homeland and to provide national security for Americans, the quicker it is that we will see victory.

The fact that we are being accused by some on the other side of the aisle for not having a strategy, nothing could be further from the truth. Our strategy has always been very straightforward:

One, counter the insurgency and assist the Iraqis in forming their own military police and military so that they can take care of themselves. That is ongoing. Reports show that over 85 battalions of Iraqis are engaging with our troops, embedded with our troops, and fighting with us alongside our brave men and women in this War on Terror.

Secondly, we are to identify the Islamic jihadists and allow our Special Forces to deal with them; and I know that all of us in this House know that that is being dealt with.

Thirdly, we are using the appeal of democracy to attract the Sunni minority into the government to allow them the freedoms, allow them protections that a minority enjoys in a democratic state. As we saw 1½ weeks ago, the ratification of that constitution guarantees those minorities their rights, and we will see in another couple of months the elections of the full and permanent parliament.

So, again, Mr. Speaker, to underscore my opposition to their statements and the fact that I differ strongly with the representations that were made.

Now, back to the subject that the gentleman from Texas and the gentlewoman from Tennessee were engaged in and the fact that I, too, join with them in calling on our colleagues on the other side of the aisle to lay down their partisanship, to join us, as 51 of their fellow party men joined the Republicans in 1997 in engaging in what was then the first Deficit Reduction Act under reconciliation since the Republicans took majority. I ask them to do that because it is imperative that we renew our commitment in this House to the hard-working American taxpayer and for what they do for their families every day. We owe it to these families to be good stewards of their money.

We all were elected here in our various districts by constituents and their needs. We certainly are here and are being judged each and every day by what we do and how we cast our votes. I know, Mr. Speaker, that I was elected by my constituents to take a good, long look at the way the government operates and to try to make the improvements to government and the structure so that it can be more efficient with the use of the taxpayer dollars; so that we can, as the gentleman and gentlewoman pointed out, root out the waste, fraud, and abuse that unfor-

tunately has continued to grow as the bureaucracy expands.

Both the gentleman from Texas and the gentlewoman from Tennessee talked about the waste, fraud, and abuse in some of the entitlement programs that exist. Take, for instance, the Medicaid program. This is a program, as we know, that is a partnership between the Federal Government and the States. It is a program that offers to some in this country a very necessary support for the health care of those indigent citizens in our society. But if we look at the pattern of growth of this program, it is something that I think strays far from the original intentions of those in this body that created and passed the enabling statute. Over the past 5 years, this program has grown by 56 percent. Frankly, it is an unsustainable growth rate, given the increasing costs and escalating costs in health care.

So the reforms that we will have a chance to vote on next week, as the gentlewoman pointed out, under the Deficit Reduction Act, these reforms attempt to slow the growth and identify areas where waste, fraud, and abuse has been fueling that growth. And even after we enact the reforms under the Deficit Reduction Act, we will still see Medicaid with a 7 percent growth rate. So what we are doing is identifying savings.

How are we doing that? Well, first of all, we see the creation of health opportunity accounts. This will be a pilot program that will enable certain States to afford Medicaid beneficiaries the opportunity to set up essentially a health savings account. And we know that we provided that ability for anyone in the Medicare bill as well a few years back. We created the opportunity for individuals to purchase high-deductible catastrophic health care plans so that we could lower the cost of health care for American families and also emphasize the family's role in deciding the destiny, if you will, of their health care provision and to emphasize the role of that family in making choices as far as health care is concerned. We are going to afford the same opportunity to beneficiaries under the Medicare program as well.

Additionally, once we pass the Deficit Reduction Act, we are going to be able to root out the asset transfer fraud that is going on with many in this country, which essentially allows those who could otherwise afford to pay for their health care services to become wards of the State. Again, this is far from the original intention of those who enacted this program of Medicaid. Medicaid is for the truly indigent, for truly those who cannot help themselves and are in need of health care.

We also provide for, in the Deficit Reduction Act, the cessation of States somehow going about double dipping, if you will, in order to gain more access to Federal moneys. We want to cut that out as well because, again, this goes against the original intention of what this program was supposed to do.

And the list goes on. Areas such as student loans, we wanted to make sure that we have an adequate supply or availability of financial aid as we see enrollment continuing to grow in our colleges and universities, as we see increasing tuition costs in our colleges and universities. And that is exactly what this bill does assure as well, that the financial aid will continue to be there. But, as it increases, we also increase the loan limit amount but also reduce the fees that our students will pay. Again, it is very important to afford access to our students to our education system in this country but at the same time make sure that the Federal dollars are used in the most appropriate and efficient manner.

Mrs. BLACKBURN. Mr. Speaker, will the gentleman yield?

Mr. HENSARLING. I yield to the gentlewoman from Tennessee.

Mrs. BLACKBURN. Mr. Speaker, I want to ask the gentleman to go back to one point on Medicaid. I think it is so important, and many of our constituents and many members of this House, I think, would be interested in it. I would love for him to talk one more time briefly about the health opportunity accounts, because this is something that will give individuals ownership over the decisions that they make and have to make in their health care choices.

Mr. CANTOR. Mr. Speaker, I could not agree with the gentlewoman more. Because there is one thing that I really have an aversion to, and that is somehow Washington knows best, that somehow we are going to provide a one-size-fits-all blanket solution to health care. And she is right, these health opportunity accounts get away from that. They allow individuals to determine the fate of their health care and how that will be provided, and that is exactly what these health opportunity accounts do.

Mrs. BLACKBURN. Mr. Speaker, if the gentleman will yield, I think this is something that is so very important because what it says is every individual has the right to go in there and have that ability to make decisions, establish that relationship with that physician; and if they take responsibility and if they take ownership, then here is a great way that they can do it.

In addition, we are going to see the flexibility that many of the governors have said we need, flexibility in order to be certain that health care remains viable and accessible for all of our citizens.

Mr. CANTOR. Mr. Speaker, the other gentleman from Texas I believe also has been a champion for the restoration of fiscal sanity here in Washington because we owe it to those American taxpayers.

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

Mr. HENSARLING. I yield to the gentleman from Texas.

□ 2300

Mr. CONAWAY. Mr. Speaker, I thank the gentleman from Virginia and also

the gentleman from Texas for having hosting this special hour.

I would like to make a couple of points of a general nature and talk about some specific things. I am a CPA. I have spent 30-plus years in business watching what happens when tax rates go up and businesses have to deal with increased taxes. I have also helped businesses as their tax bills go down and what they do with that money. They put that money back into their business, they reinvest it in equipment, they hire people. They do things that create jobs for this economy.

We have got a growing economy. One of the things that got lost in some of the noise up here is that in January of this past year, the CBO estimated the tax collections for the Federal Government to be \$2.057 trillion.

The other side makes an awful lot of talk about raising taxes, that we need to raise taxes. Well, I would submit that this Republican-led House has raised taxes the correct way. We have raised taxes because we have got more people working in America than have ever worked before. We have got more people paying taxes than ever before. As a result of that, the numbers that came in for out of the CBO for the fiscal year ended September 30, 2005, was in fact \$2.154 trillion, or some \$97 billion more than we thought we were going to have.

We kind of got lost in our Katrina efforts of \$60-plus billion, which were unexpected expenses. What we probably should have done is looked at those unexpected revenues and said that is a good place to pay for those Katrina expenses. We reduced the deficit by some 23 percent.

So we have a growing economy, and that growing economy is important to the continuing fiscal responsibility of this House.

Cutting spending is difficult to do. Family budgets cannot run on a deficit very long. Businesses cannot run at a deficit very long. About the only entity in the world that can run on a deficit for any length of time is the Federal Government. Simply because the Federal Government can do it certainly is no reason why the Federal Government should do it.

Let me put it in perspective. The budget that we passed in April and we are chewing on right now called for us to spend some \$2.56 trillion. Now, under any circumstance, that is a lot of money. It is just a lot of money. But it really does not mean much to us in those terms. Let me give you a term that kind of helps put it in perspective.

In the fiscal year we are in right now, which started October 1, 2005, this government will spend \$81,177 every second. I am going to wait about 4 seconds here and well run up about \$320,000. A lot of that money is spent correctly, but much of it is spent in ways that we probably ought to leave that money with our taxpayers.

My colleague from Texas said earlier, every single dollar that the Federal

Government collects came out of somebody's earnings, some business' earnings. We have got people all over this country that go to work every day to try to make money, they try to figure out a way the services they can provide to an employer or some product they can build and sell for a profit, use their ingenuity, use their sweat equity, use the hard work to make that money, and the Federal Government comes in and takes a slice of that to help run this Federal Government. That is just the scheme we have in place.

But do not lose sight of the fact it is taken away from those taxpayers really at the point of a gun, because we require that they collect those taxes from you.

The other side always makes a lot about tax cuts and quote-unquote paying for those tax cuts. Money that is collected in the general revenue, general income taxes, goes into one large bucket. Let us put a disconnect, as we should, between the way we collect the money and the way that money is spent.

So when the other side talks about this reduction in spending as a result of this tax cut, that is really illogical in the sense you really cannot connect those dollars. We do not put in an increase in capital gains to pay for some extra program. We do not do it that way. So let us make sure we disconnect the tax connection scheme from the way the money is being used.

Finally, let me give you one quick anecdote and help put some perspective on this. I helped raise money in West Texas through the United Way for a number of years, and generally every year we were blessed with the philanthropy of that community giving more money to the United Way and its agencies each year than it did the previous year.

Well, we went through a string of about 15 years where we raised more money than we did the year before, all the agencies got a little more money. But we had a catastrophic year, it happened about the time that the price of oil went to eight bucks a barrel back in 98-99, and we actually raised less money.

So all of the agencies that were dependent on those United Way collections actually got a real cut; not a reduction in the growth, but a real cut in their spending. So they had to go back and look at everything they did. They had to go back and make hard choices between what were programs that they decided they had to set a priority on. They had to force themselves through a catharsis of having to readjust how they spent money.

Today, every single one of those agencies is still around, they are still after their core mission, they are still doing the great work they have done, but they are better at it as a result of having gone through the tough times.

So when people talk about reducing the amount of funds available to an agency, what we are really talking

about is asking that agency to figure out a way to do your mission better and more effectively.

So, the gentleman from Texas is great to have hosted this hour. We have chewed up an awful lot of it. I suspect the gentleman has a lot of things you want to say.

Mr. HENSARLING. Mr. Speaker, reclaiming my time, I certainly thank the gentleman for joining us this evening. Would it not be wonderful if they had a few accountants on the other side of the aisle who could actually let them know how you are supposed to count numbers?

The gentleman from Texas, my home State, made some excellent points. We have gone over a number of the different wastes that we find in the Federal budget. But, again, as we face our challenges, as we face trying to bring this Federal deficit down, and we are making progress, we are making huge progress under this Republican administration and this Republican Congress, but we still have a ways to go.

If we are going to bring the deficit down, if we are going to find the funds to help offset this hurricane relief, the money is only going to come from one of three places. The Democrats do not want to tell you, but they want to raise taxes. There are food stamp overpayments that cost \$600 million annually, yet the Democrats want to raise taxes on American families. The school program abuse is costing over \$120 million annually, yet Democrats want to raise taxes on American families. Veteran program overpayments cost \$800 million annually, yet Democrats wants to raise taxes on American families. And the list goes on and on and on.

Mr. Speaker, let us take a look at tax relief, because all we hear from our colleagues on the other side of the aisle is that if we would only raise taxes on the American people, we could be fiscally responsible. Let us take a look at what tax relief is all about.

Number one, when you look at the amount of tax relief that we have passed in the Federal budget, let us assume for a second that all tax relief, as the Democrats would lead you to believe, is somehow wasted money. They do not realize it is not their money. It is money that belongs to American families, it is money that belongs to small businesses, people who go out and work hard and create jobs. Number one, it is not their money, it is the people's money, and we will never forget that.

But let us assume for a fact that somehow we wasted money by allowing American families to keep more of it.

Mr. Speaker, in a \$13.9 trillion budget, tax relief is less than 1 percent of that budget. So when we talk about what is necessary to bring down the Federal deficit, again, over 99 percent of the challenge lies on the spending side. But the truth is, Mr. Speaker, letting American families and small businesses keep more of what they earn is not part of the deficit problem, it is part of the deficit solution.

Again, any Member is entitled to their own opinion, but they are not entitled to their own facts. I have in my hand here the latest report from the U.S. Treasury talking about tax revenues. And what do we discover? Well, we discover that since we passed tax relief for the American people as part of an economic growth program, well, guess what?

Mr. Speaker, corporate income taxes are up 47 percent. Individual income taxes are up almost 15 percent. Total receipts are up almost \$300 billion. Again, this is not my opinion, these are the facts.

Look at this chart, Mr. Speaker. Look what has happened since we passed tax relief for the American people. Every year we see tax revenue going up.

So in many respects, again, it is a bit of a tax increase, but it is the right tax increase. It results from economic growth. And what has happened is not only, not only, Mr. Speaker, have we managed to bring in more revenues to the government and bring the deficit down, the deficit has now declined \$319 billion.

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The deficit has now declined \$319 billion, because we have more revenues. The deficit is coming down. But, not only that, 4 million new jobs have been created; 4 million new jobs. We are enjoying the highest rate of homeownership that we have ever enjoyed in the entire history of the United States of America, all due to tax relief. Yet, Democrats want to raise taxes on the American people. They are trying to raise them right now.

Mr. Speaker, that is just not right. They want to take the child tax credit away. They want to bring back the death tax. They want to take away accelerated depreciation for small businesses. They want to bring back the marriage penalty. All of this they are actively trying to do, trying to increase taxes on the American people to pay for all of this waste and all of this duplication that you have heard cited this evening.

But, Mr. Speaker, again, we cannot have tax increases. That is the wrong prescription for the economy.

Now, some people may say, well, it does not quite make sense. How do you cut tax rates and get more tax revenue? And how does this work into this whole debate about what is compassionate and what is not compassionate?

Well, Mr. Speaker, it was a number of months ago, but I went to go visit a small business in my congressional district back in Texas. I went to a small business that is called Jacksonville Industries in Jacksonville, Texas. They are a zinc and a dye-casting business and, due to competitive pressures, they were on the verge of having to lay off 2 people, 2 out of about 20, I believe, so that would have been 10 percent of their work force. That would have been pretty sizable. But due to our tax re-

lief, they were able to go out and buy a new piece of modern equipment that helped make them more efficient. Now, I could not tell you exactly what it did, but I saw it, it was big, it was noisy, it was large. But most importantly, Mr. Speaker, it made them more efficient. Instead of having to lay off 2 people, they were able to hire 3 new people. Now, think about that, Mr. Speaker. That is 5 people. Five people that could have been on unemployment, 5 people that could have been on welfare, 5 people that could have been on food stamps.

Now, that is how the Democrats measure compassion. They only know one way to measure compassion, and that is how many welfare checks do you write. We believe that compassion is measured by how many paychecks you write. So instead of having 5 people over here on welfare and unemployment and food stamps, there were 5 people that, due to tax relief, had good jobs. They were able to put a roof over their heads. They were able to put food on their tables. They were able to help provide education and transportation for their children.

Again, compassion is not measured by how many welfare checks are written, it is measured by how many paychecks that are written.

So, Mr. Speaker, we need to remember, as we are debating fiscal responsibility in the people's House, we need to think in terms of it is not a question of how much are we going to spend on education, how much are we going to spend on nutrition and how much are we going to spend on housing, but it is a question about who is going to do the spending. Democrats can only measure compassion by spending done by the Federal Government. And what we end up with, again, is all this waste, all this fraud, all this abuse, all this duplication. We want families to do the spending, and we know the difference between the 2. So tax relief is all about helping families, it is helping small businesses. So as we debate fiscal responsibility and how to bring down the deficit, we must recall that tax relief is part of the solution, it is not part of the problem.

Mr. Speaker, it is so important that we begin the work of reforming these different programs, because if we do not, the fiscal future of America, frankly, is very, very worrisome.

Right now, if you look at any of the different offices in Washington that are charged with accounting, the General Accountability Office, the House Budget Committee, the Congressional Budget Office, they will all tell you essentially the same thing, that we have spending patterns in the government today where we are going to have to double taxes on the American people in one generation just to balance the budget. You got medicare growing at 9 percent a year, medicaid at 7.8, Social Security, 5.5.

These are important programs and they need to be preserved, but they

have to be reformed, because they were instituted many, many years ago, many decades ago in a different era. They were not built in the 21st century, they are not meeting the demands of the 21st century, and they will not be here for our children, unless we reform them.

So as the Democrats attack tax relief and as they claim that there are somehow massive budget cuts going on, remember what their alternative is. Their alternative is going to be to double taxes on our children. I believe, Mr. Speaker, that that is simply, simply unconscionable. It is unconscionable, and a future that we must avoid.

Mr. Speaker, this kind of graphically represents that future. Today, government is taking up roughly 20 percent of our economy, roughly 20 percent of what we produce. Look what is going to happen in one generation. If we do not do anything to reform this out-of-control entitlement spending, if we do not start on the deficit reduction today, you are going to see government double, absolutely double in one generation.

These are the tax increases that are going to be needed to pay for that, something that we never see the Democrats talk about, but it is their plan, because they say, well, we are going to balance the budget. That is what they tell us. They say, we are going to be fiscally responsible. Yet, they will not reform any single government program. They will not reform any of them. So what is left? Doubling taxes on the American people in one generation.

Now, Mr. Speaker, I became a father 3½ years ago, and I am very blessed that my wife and I have 2 small children, a 3½ year old daughter and a 2 year old son. They have changed my life in so many wonderful ways. I can tell you, Mr. Speaker, I spend a whole lot of time now thinking about the next generation. Too many people here, though, are thinking about the next election. I do not want to leave my children this legacy of tax increases. I do not want to leave my children a legacy of debt. I want to leave my children and the children of America a legacy of more hope and more jobs and more opportunity and more freedom. That is what we are working on here. We have got to protect the family budget from the Federal budget, but we have to start today with this Deficit Reduction Act.

Mr. Speaker, I hope that we can come together. I hope we can work together as Republicans and Democrats and Independents and do something about this, because there is too much waste, there is too much fraud, there is too much abuse, there is too much duplication. The future can be brighter. It can be brighter for my children and your children and all children if we will only start today to save the family budget from the Federal budget by working on this Deficit Reduction Act.