NOT VOTING—11

Ackerman	Hayes	Smith (NJ)
Crenshaw	Latham	Tanner
Evans	Lewis (GA)	Watson
Gohmert	Price (GA)	

□ 1206

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. LATHAM. Mr. Speaker, on rollcall No. 92. I was inadvertently detained. Had I been present, I would have voted "yes."

EXPRESSING SINCERE REGRET ABOUT ENCOUNTER WITH CAPITOL HILL POLICE

(Ms. MCKINNEY asked and was given permission to address the House for 1 minute.)

Ms. MCKINNEY. Mr. Speaker, I come before this body to personally express again my sincere regret about the encounter with the Capitol Hill Police.

I appreciate my colleagues who are standing with me, who love this institution and who love this country.

There should not have been any physical contact in this incident.

I have always supported law enforcement and will be voting for H. Res. 756 expressing my gratitude and appreciation for the professionalism and dedication of the men and women of the U.S. Capitol Police.

I am sorry that this misunderstanding happened at all, I regret its escalation, and I apologize.

GENERAL LEAVE

Mr. NUSSLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Concurrent Resolution 376, which the House is about to consider.

The SPEAKER pro tempore (Mr. BONILLA). Is there objection to the request of the gentleman from Iowa?

There was no objection.

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2007

The SPEAKER pro tempore. Pursuant to House Resolution 766 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution, H. Con. Res. 376.

□ 1209

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution (H. Con. Res. 376) establishing the congressional budget for the United States Government for fiscal year 2007 and setting forth appropriate budgetary levels for fiscal years 2008 through 2011, with Mr. TERRY in the chair.

The Clerk read the title of the concurrent resolution.

The CHAIRMAN. Pursuant to the rule, the concurrent resolution is considered read the first time.

General debate shall not exceed 4 hours, with 3 hours confined to the congressional budget, equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget, and 1 hour on the subject of economic goals and policies, equally divided and controlled by the gentleman from New Jersey (Mr. SAXTON) and the gentlewoman from New York (Mrs. MALONEY).

The gentleman from New Jersey (Mr. SAXTON) and the gentlewoman from New York (Mrs. MALONEY) each will control 30 minutes on the subject of economic goals and policies.

The Chair recognizes the gentleman from New Jersey.

Mr. SAXTON. Mr. Chairman, I yield myself such time as I may consume.

As you just indicated, the first hour of this budget debate has been set aside pursuant to the Humphrey-Hawkins section of the Budget Act. Under the rule, the Joint Economic Committee will have this hour evenly divided on two sides.

According to most neutral observers, including the Federal Reserve, and a consensus of private economists, the current economic expansion is quite healthy. That is good news. Indeed, if anything, there seems to be a little concern in most quarters that the economy may be growing too fast, a concern that I do not share.

The U.S. economy grew 4 percent in 2004 and advanced at a rate of about 3.5 percent in 2005. The growth rate in the first quarter of 2006 is expected to be very robust, probably over 4 percent, consistent with the trend of strong growth seen since 2003.

The improvement in economic growth is reflected in other economic figures as well. Let me name a few.

Since August of 2003, business payrolls have increased by 5 million jobs. The unemployment rate has declined to 4.8 percent. Consumer spending continues to grow. Homeownership has hit record highs. Household net worth has also reached a record high. Productivity growth continues at a healthy pace. Long-run inflation pressures appear to be contained. Long-term interest rates, including mortgage rates, are still relatively low, although somewhat higher than what they had been previously. The resilience and flexibility of the economy have overcome a number of serious shocks, most recently the hurricanes of last year. Equipment and software investment have been strong over this period. However, with somewhat higher mortgage rates, the housing sector is slowing, although it appears that a soft landing is most likely. It is clear that the Federal Reserve remains poised to keep inflation under control.

In a recent policy report to Congress, the Fed noted that the U.S. economy delivered a solid performance in 2005. Furthermore, the Fed observed that "the U.S. economy should continue to perform well in 2006 and 2007." The Fed, along with a number of private economists and government agencies, expects that economic growth in 2006 will be about 3.5 percent, still very healthy growth. This economic growth will continue to expand employment and further reduce unemployment.

In summary, overall economic conditions remain positive. The U.S. economy has displayed remarkable flexibility and resilience in dealing with the many shocks, including terrorist attacks and weather effects.

The administration forecast for economic growth in 2006 is comparable with those of the blue chip consensus and the Federal Reserve. With growth expected to be about 3.5 percent in 2006, the current economic situation is solid and the outlook remains favorable.

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

Mrs. MALONEY. Mr. Chairman, I yield myself such time as I may consume.

(Mrs. MALONEY asked and was given permission to revise and extend her remarks.)

Mrs. MALONEY. Mr. Chairman, I am pleased to speak in the time reserved by the Budget Act for discussion of economic goals and policies and traditionally led by members of the Joint Economic Committee.

If you listen to the President and his supporters on the other side of the aisle, you get a very upbeat assessment of the American economy; but if you listen to the American people, you get a very different assessment.

□ 1215

The President likes to talk about how fast the economy is growing and how successful his policies have been in stimulating an economic recovery from the 2001 recession. But the American people are saying, what economic recovery, and when am I going to see the benefits from this President's economic policies in my take-home pay, in my pocket?

Mr. Chairman, we should listen to the American people and we should adopt economic policies that promote the economic well-being of all Americans, not just those at the very top of the economic ladder. The President's fiscal year 2007 budget and the House budget resolution do not do that.

Instead, they continue economic policies that have produced a legacy of deficits and debt, that leaves us unprepared to deal with the budget challenges posed by the retirement of the baby boom generation and that weakens the future standard of living of our children and grandchildren.

This administration has set a series of records, only they are the wrong kind of records. They have raised the debt ceiling four times. It is now over

$8 trillion. Every man, woman and child in America now owes at least $28,000 of that debt, and we have had the largest deficit and trade deficit in the history of this country.

This chart shows how the President inherited a budget situation with large surpluses, but we have ended up with a string of large deficits. Economic policy over the last 5 years has not served the interest of the typical American working family. The resilience of the American economy has allowed it to recover from the 2001 recession, but we are still experiencing the labor market effects of the most protracted job slump in decades.

Job creation has lagged far behind what is typical in a strong economic recovery. There is still evidence of hidden unemployment, and the benefits of productivity and productivity growth have been showing up in the bottom lines of companies rather than in the paychecks of American workers.

Finally, and very disturbingly, there is a growing gap between the ''haves'' and the ''have-nots'' in this country as income and earnings disparities have widened. This is a very troubling trend. Yes, workers have become more productive. They produce more and more in each hour that they work. But they have not been getting rewarded for their productivity.

Average hourly earnings have not kept up with inflation, and they barely kept up even before that. Median family income has failed to keep up with inflation every year that President Bush has held office. Those who are already well-to-do are doing very well in the Bush economy. But the typical, hard-working American family is struggling to make ends meet in the face of high costs for energy, health care, and a college education for their children.

This chart illustrates the problem very clearly. The red bar shows the growth in the inflation-adjusted usual weekly earnings of full-time wage and salaried workers under President Bush at different points in the earnings distribution. You have to be in the upper half of the distribution to have seen any gain. Earnings at the top have grown fastest relative to inflation and earnings at the bottom have fallen farthest behind inflation.

I would note the contrast with the last 5 years of the Clinton administration, which is the blue bars, when earning gains were strong and spread throughout the earnings distribution. They spread the wealth. They shared the wealth. The budget we are debating today does not address any of these problems. In fact, it makes matters worse.

An analysis by the Democratic staff of the Joint Economic Committee shows that budget cuts in programs that provide payments for individuals are concentrated among lower income families, while the tax cuts go overwhelmingly to those at the top of the income distribution. The blue bars on this chart show that more than a third of the cost for spending cuts go to families in the bottom 20 percent of the distribution, families that together have only 3 percent of aggregate income. Meanwhile, those at the top get nearly three-quarters of the benefits from the tax cuts in this budget, as shown by the red bars in this chart.

With policies that have turned a $5.6 trillion 10-year budget surplus into a deficit over those same 10 years of at least $2.7 trillion, this administration has turned us into a nation of debtors, relying on the rest of the world to finance our budget deficits and the rest of our excessive spending.

Last year, we had a current account trade deficit of over $805 billion, the largest in the history of this country, the largest in the world. That is the amount of money we had to borrow from the rest of the world to finance our trade deficit and international payment imbalance. Foreign governments are holding large quantities of our public debt, putting us at risk of a major international financial crisis if they should decide the benefits of holding dollars are no longer worth that risk.

Mr. Chairman, our future prosperity depends on increasing our national savings and making wise investments. It depends on being ready for the retirement of the baby boom generation and the pressure we know that will be put on the budget with their retirement. But how is the other side preparing us for that future? With more deficits and more debt, the largest in the history of our country.

They want to make the tax cuts that have gotten us into this mess permanent, and they have no realistic plan for controlling spending or bringing revenues into line with the amount we need to spend to defend the country and take care of the needs of our citizens. This is the wrong direction that we are going in. We need a better plan.

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

Mr. SAXTON. Mr. Chairman, I yield such time as he may consume to the gentleman from northwestern Pennsylvania (Mr. ENGLISH).

Mr. ENGLISH of Pennsylvania. I want to thank the gentleman for yielding, and I think the time has come, particularly after the last speech, for a reality check here.

What we have seen since the 1990s is that the key to balancing the budget is economic growth and pro-growth tax policies. That is what our budget resolution stands for and what our budget resolution promises to preserve. In the 1990s, when we balanced the budget, and I might add we balanced the budget because we had a Republican Congress committed to fiscal austerity, we were able, through controlling spending, to allow the growth in the economy to overcome a budget deficit that the other party, frankly, couldn't deal with when they were in the majority.

By putting in place pro-growth economic policies in 2003, this Congress laid the groundwork for an economic recovery which has generated unprecedented revenues and, in generating those revenues, has steadily brought down the deficit and brought it within reach of control.

Now, I will be the first to admit this budget document does not fully account for the cost of war. It doesn't account for the cost of some of our recent national disasters. Those have always been treated as one-time expenses, and appropriately so. But our underlying deficit, in my view, is being dealt with in this budget in the most direct and credible way, and that is through restraining spending and allowing us to maintain in place pro-growth tax policies.

Now, what the other side doesn't tell you, and what they are really hot for, is that they want to see a tax increase. They want to see us forced to raise tax rates above those contemplated in our 2003 tax policy. Our existing tax policy, as then Chairman Greenspan conceded, has been critical in growing the economy; growing the economy last year at a rate of 3.5 percent, the envy of the industrialized world; growing our economy in a way that allows us to find new revenues even as we create wealth and we create jobs.

Now, Mr. Chairman, I will be the first to concede that in congressional districts like mine in northwestern Pennsylvania we have seen the downside. We have seen an economy that has lagged behind the national economy. We have seen the effects of unfair trade. We have seen job losses that haven't fully been recovered, particularly in the manufacturing sector. But the solution is a growing economy.

And what this budget resolution promises is that we will be able to maintain the tax policies that have produced the growth even as we curb spending and show fiscal restraint. In the process we are in a position to set up this country to escape from the budget deficit, to lower national debt as a proportion of the national economy, and, over time, position ourselves to hand to the next generation a prosperous America.

This budget resolution is critical to the long-term economic health of our country, and it is based on a philosophy of pursuing pro-growth policies that allow us to generate the revenue that we need. The other side, by pushing us towards policies that would raise taxes and ultimately take more resources out of the economy, I think threatens that growth and threatens that recovery.

Ultimately, I believe, there is a clear contrast here, one in which I am very proud to stand on the side of growth and opportunity.

Mr. SAXTON. Mr. Chairman, I reserve the balance of my time.

Mrs. MALONEY. Mr. Chairman, I yield to my distinguished colleague from the Joint Economic Committee and from the great State of New York, MAURICE HINCHEY, such time as he may consume.

Mr. HINCHEY. Mr. Chairman, I thank very much my colleague from the State of New York, our ranking Democrat on the Joint Economic Committee, for her leadership here and for yielding me this time.

This debate in which we are engaged in this afternoon is a critically important one for the future of the American economy. As my colleague Mrs. MALONEY pointed out just a few moments ago, we are currently facing the largest budget deficits in the history of our country. According to the budget resolution itself, this burgeoning budget deficit will grow by $372 billion just over the course of the next fiscal year. Many people regard that number as conservative.

Many people who are analyzing the economic circumstances that we are confronting as a result of the incompetent budget policies of the Republican Party here in the Congress estimate that this budget deficit can be substantially more than $400 billion. In any case, even if it is only $372 billion, that sets another record. Now, maybe they are proud of the record that they are setting, and that seems to be the case based upon what we have just heard.

In addition to the record budget deficit this year, we are also facing record debt. The national debt has now grown to more than $8 trillion, and the majority party here in the Congress very, very quietly, under cover, raised the debt ceiling to almost $9 trillion.

□ 1230

This majority party is the biggest borrow-and-spend operation that we have ever seen in the United States of America, totally and completely irresponsible in their approach to dealing with the American people's money. As a result of that, the economic circumstances that we are confronting are becoming increasingly difficult.

A major portion of their failures has been their approach to the tax system. We just heard my friend and colleague on the other side of the aisle say that the Democrats are in favor of a tax increase. That is completely fraudulent. It is another part of the propagandistic approach that the majority party has taken to dealing with these most significant issues in which we are presently engaged.

We are not in favor of tax increases; we are in favor of reducing the irresponsible tax reductions that the Republicans have engaged in over the course of the last 5 years. Those tax reductions have benefited primarily the wealthiest 1 percent of the population of America.

Let me give an example of that. If you are a person making $10 million a year, if that is what you made last year, $10 million, the effect of the tax cuts on your budget is very, very significant. When you factor in the deductions and investment approach, you find that your taxes have fallen by $1 million. Your taxes have fallen by $1 million if you are making $10 million a year. That is what they have done. They have cut taxes for the very wealthiest people, and they are increasing the budget deficit that is going to have to be paid back by the vast majority of working people in this country, this generation and future generations.

This is the borrow-and-spend approach to governance that the Republican Party in this House has put forward and which they continue to advance in the context of this budget resolution.

What has been the effect of all this on the average American? What we have seen is that wages and salaries of the working people of our country have risen at their lowest rate since 1981. And I am talking about over the last 5 years. They have risen at their lowest rate since 1981. When you look at what has been happening in the last 2 years, you find that wages and salaries have actually been in decline. People are seeing their wages and salaries, when you take into effect inflation, actually going down.

So if you are a wealthy person, the Republicans are taking very good care of you. If you are an average American working for wages and salaries, you are finding your situation in desperate shape. So this budget resolution is another failure on the part of the majority party in America. They are creating deeper deficits for us. They are putting us into deeper and deeper debt. Their approach to taxation has been for the rich and against the working class; and in an economy which is based upon demand, it is forcing that economy down, and we are seeing it broadly all across the American economy, losing manufacturing jobs at record rates. All of that is as a result of the economic policies that have been put forth by the majority party here in the House of Representatives.

So the point we are making right here now is once again we have a budget resolution on the floor of this House which is incompetent and irresponsible, which is going to mean higher taxation in the future for the average working families in our country while it cuts taxes for the wealthiest and most privileged and while it increases the national debt.

They talk about the economy growing. We have had an economy that has experienced the most stimulation, both monetary policy stimulation and fiscal policy stimulation, in the history of the country. The lowest interest rates and huge amounts of spending have increased the national debt. That is the situation we are confronting here today, and that is why this budget resolution needs to be defeated.

Mr. SAXTON. Mr. Chairman, I yield myself such time as I may consume.

It seems like there must be an election coming to hear some of the rhetoric here on the floor which actually defies reality. Let me try and explain to those who are at least open-minded about the situation what has happened with our economy over the past 5 or 6 years.

We all remember during the late 1990s we had very robust growth in the stock market. Things were perking along at a rate that most economists at the time thought was an exuberant time when investments were being made for reasons other than perhaps good, solid rationale.

In the third quarter of 2000, the economy began to get soft and in the last quarter of 2000 it did even worse. As we look at the reasons for that, there were a number of economists who concluded different things. One thing became clear, and that was investment was not being made and that something needed to be done.

This chart to my left is a chart which shows fixed private, nonresidential investment, in other words, investment in things that would be productive in our economy. As we look at what happened as we began to move through 2001 and 2002, these bars that drop below the line show there was negative investment. People were not investing in productive things; and as a result of that, the economy was not doing well.

The administration proposed a fix, and that fix was to do things here in the House of Representatives and in the Senate and through the administration that would encourage the American investor to reengage in investing in productive things. And so in 2003 the House of Representatives and the Senate collectively, together, passed some tax cuts to encourage investment. And those tax cuts, which were temporary in nature which we continue to talk about making permanent, had the desired effect.

If we look at this chart and look at when the negative investment ended and positive investment started, it happens to be after those tax cuts went into effect. As a result of reducing the percentage of taxes paid on dividend gains and as a result of tax cuts on capital gains, we see beginning in 2003 and through 2004 and through 2005 and projected to continue by the Fed and by other blue chip economists and blue chip forecasts, we are expecting to see that growth continue through 2006 and 2007. As a matter of fact, we had 4 percent growth in 2004; 3.5 percent growth in 2005; and in the first quarter of 2006, we saw 4 percent growth continue. This is good news for not only the American investor; it is also good news for others in the workforce and in the economy.

Here is what happened to employees' payrolls during that period of time. Once again we see some lines that drop below the positive mark. We see some negative growth in nonfarm payrolls as we move through. And as we saw the 2003 tax cuts go into effect, once again we saw the economy rebound and we see employees in nonfarm payrolls begin to increase to much healthier levels than they had been during the 2000, 2001, 2002, and 2003 period of time when investments, productive investments, were not being made.

As we sought an answer and the administration proposed the tax cuts and the House and the Senate implemented the tax cuts, once again nonfarm payrolls and employees' payrolls began to grow, as demonstrated by this chart.

Finally, gross domestic product, which is how most economists measure growth in the economy, continues to be very good. Beginning in 2003, as our tax cuts went into effect, dividend tax cuts, the taxes on dividends were lowered, the taxes on capital gains were lowered. We see in 2003 and 2004 as we move across here, and as I said before in 2004, we had an average of 4 percent growth. In 2005, we had an average of 3.5 percent growth over the four quarters of that year.

The forecast for the first quarter of this year, which is in red, the first of the four lines, the actual forecast is 4.7 percent. I think that might be a little high. I think it might be closer to 4 percent. But that is healthy economic growth, and we continue to see the effect of the policies we have put into place. We expect that the growth may slow somewhat during the first, second, and third quarter; but we believe we will average 3.5 percent this year.

I might add one thing that I think is important for us to remember, and that is that the tax cuts, together with other policies, have produced this growth and we need to continue to support those policies as well. The Federal Reserve has been a huge part of this as well. While it is nice for the Congress to take credit with the implementation of the tax policy that we implemented, the Federal Reserve also deserves a lot of credit for what has happened here through the policies that have been brought about through something called "inflation targeting."

Today, inflation is very low. Inflation is around 2 percent; and it is around 2 percent because, in my opinion, the Federal Reserve has used this policy of inflation targeting as the cornerstone for Fed policy. As inflationary expectations, as we look to the future, interest rates have continued to be historically low. In spite of the fact there has been a little up-tick in interest rates because of Fed policy in the last year or so, we continue to see affordable interest rates and interest rates that influence investment and continue to provide the stimulus that we need for the kind of economic growth that we have seen since 2003.

Mr. Chairman, I just wanted to make these points. I think this is a very important background for us as we begin this budget debate.

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

Mrs. MALONEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the gentleman mentioned the rhetoric coming from this side of the aisle; but we are not speaking rhetoric, we are speaking facts and figures and numbers do not lie.

The other side of the aisle raised the debt ceiling four different times under this administration so we now have a record debt of over $8 trillion. That is not rhetoric; that is a fact. If you break it down, each man, woman and child in America owes $28,000; and it is galloping upwards, the debt on our children and our grandchildren.

Another fact that is not rhetoric is we have the largest trade deficit in the history of our country, the largest in the history of the world; and other countries are financing our budget. We are shifting our wealth to other countries. It has been said if China invaded Taiwan, we would have to borrow money from China to defend Taiwan. That is not a good position to be in.

Mr. Chairman, the budget offered by the majority continues the failed economic policies of the Bush administration. The typical American family is still feeling the effects of the most protracted job slump in decades. Actually, it is the worst job slump since the 1930s. On top of that, wages and incomes are stagnating. There is a growing gap between the haves and the have-nots. This is a tremendously troubling trend in our country.

But this budget does not address any of those problems. It contains unfair spending cuts that disproportionately harm middle- and lower-income families to help pay for tax cuts that go overwhelmingly to those who are already very well off. Where is the fairness in this budget?

And this budget continues to add to our legacy of deficits and debt and has turned us into a Nation of debtors relying on the rest of the world to finance our budget and our deficits.

□ 1245

This is a very troubling trend in our country. We have never had it before. It leaves us unprepared to deal with the challenge posed by the retirement of the baby boom generation and weakens the future standard of living of our children and our grandchildren. I urge a "no" vote on this budget.

Mr. Chairman, I yield 4 minutes to the gentleman from South Carolina (Mr. SPRATT), the distinguished ranking member on the Budget Committee. We thank him for his leadership on this and his leadership in so many areas.

Mr. SPRATT. Mr. Chairman, the administration has devoted a lot of energy to touting the successes of the economy, particularly with respect to the job statistics, as justification for the 2001 and 2003 tax cuts. But let's look at the record.

When President Clinton took office in January 1993, there were 109.7 million jobs in the national economy in the work force. When he left office in January of 2001, there were 132.5 million jobs. That means that during the 8 years of the Clinton administration, there was a gain of 22.8 million jobs. These were the jobs created during the Clinton administration at a time when we brought the budget to balance, making the bottom line of the budget every year better and better and better to the point where we had a surplus in 1998.

Now, compare that job gain, 22.8 billion to what has happened during the Bush administration. When President Bush took office in January 2001 there were 132.5 million jobs in the economy, according to the BLS. By January of 2006, 2 months ago, the economy had a total of 134.6 million jobs. That is an increase of 2.1 million jobs, versus 22 million jobs created during the Clinton administration. No comparison. Stark contrast.

What is even worse is the fact that the Bush administration has seen most of its job gains of more than 50 percent occur in the public sector, not in the private sector. The tax cuts that have led to the deficit did not generate the jobs that were proposed or projected in the private sector. Far from it. Growth has come in the public sector.

And this is worst of all. Job growth in the manufacturing sector under President Clinton grew by 315,000. Not impressive, but at least not a loss. Under President Bush the manufacturing sector has lost 2.9 million jobs. 2.9 million jobs over the last 5 years, an average of 48,000 jobs a month.

Now, when we say that the economic gains that appear from this GDP growth and other things that look positive, stock market, the Dow Jones are all doing well and are healthy vital signs, we are glad to see them. But they are not translating into the lives of the ordinary working Americans. This is why the loss of manufacturing jobs, the best paying jobs in our economy, particularly for blue collar Americans, this is why it has happened, because this is why the family median income in real terms adjusted for inflation has gone down almost every month since 2001.

So beneath the glitter and generalizations are some stark facts that don't really appear to support the claims the Bush administration has made. Namely, they have created just over 2 million jobs, whereas the Clinton administration created 22.8 million jobs during his time in office. And they have presided over a devastation in the number of manufacturing jobs, a loss of 2.9 million manufacturing jobs in our economy.

Mr. SAXTON. Mr. Chairman, I yield myself such time as I may consume.

One additional way to look at our economy and to see how it compares with what we may have seen around the rest of the globe is to simply look at the statistics as to how our U.S. economy has performed as compared to some others. For example, when we look at real GDP growth from the first quarter of 2001 through the fourth quarter of 2005, the U.S. economy expanded at an average annualized rate over all of those times, even though it was slow during the earlier years, at 2.6 percent, and the United States ranked first among its peer group in the world in real GDP growth.

In terms of investments of fixed assets, from 2001 to 2005, growth investments in fixed assets as a percentage of GDP growth rose in Canada and the United States but fell in the European Union and Japan. And so once again, the United States was a leader in terms of investment and fixed assets.

In terms of industrial production from 2001 to 2005, through 2005, the United States industrial production increased by 7.1 percent, a very, very healthy picture. And I might add that this industrial production increased because of investments, because of investing in productive things, investment brought about by the budgetary policy and the tax policy of the Congress of the United States and the administration.

Employment and unemployment. From January 2001 through December 2005, the United States ranked second in employment growth in both absolute and in percentage terms. In the United States employment grew by 5,165,000 jobs, or 3.8 percent. Canada ranked first in percentage growth with 9.3 percent, while the European Union ranked 15, first in total increase of 5.7 million, which was actually 3.4 percent, far below the United States.

In December of 2005, the U.S. had an unemployment rate of 4.9 percent, the second lowest among its peer group. If we look at this chart next to me of unemployment rates, if you look at the unemployment rate in the European Union, it was 8.3 percent. If we look at the unemployment rate in Canada, it was 6.4 percent. And at the end of the year, same time frame, the unemployment rate in the United States was 4.8 percent.

Just interestingly enough, there is a member of the U.K. Parliament in town today, and I saw him early this morning and he said, I envy you. I said thank you, and why is that? He said, when I go to work at home and I earn an income for my family, 59 percent gets paid to the government. I envy us, too, because we have seen beyond the period of high taxes. We have seen beyond the period of producing an economic policy that in Europe provides today for an 8.3 percent unemployment rate or in Canada of a 6.4 percent unemployment rate. We are fortunate. But it is because of good policy. It is because of the policy of this administration and this Republican Congress that we have a 4.8 percent unemployment rate.

Labor productivity is up in our country as well, and that is one of the reasons for this great economic growth. From the first quarter of 2001 to the fourth quarter of 2005, labor productivity grew by 9.5 percent. That means that because of technology that we have invested in, smartly, and partly because of tax policy, we have made our workers more productive than at any time in our history and the most productive work force in the world.

I said a word a few minutes ago about price stability. Price stability is what it is today, lack of inflation, inflation of 2 percent or under, because of Fed policy. Chairman Bernanke told me earlier this week that he intends to continue policies that have price stability as the number one goal as inflation targeting continues, to keep our rate of inflation low and to keep interest rates low accordingly. Smart economic policy.

And so as we walk through the things that have occurred, partly because of the Congress and partly because of the Federal Reserve, we see that things in our country are doing well, particularly when compared to others.

On balance, the U.S. economy has outperformed its peer group and large developed economies in a number of key measures of economic well-being between 2001 and 2005, during the period that George W. Bush has been President.

Pro-growth tax policy and good monetary policy have contributed to the superior performance of the U.S. economy, and as my friend from the U.K. Parliament said today, yes, we are proud of this record.

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

Mrs. MALONEY. Mr. Chairman, I yield 4 minutes to the gentleman from Maryland (Mr. CUMMINGS), a member of the Joint Economic Committee.

Mr. CUMMINGS. Mr. Chairman, I rise to join my Democratic colleagues on the Joint Economic Committee in condemning the Republican leadership fiscal year 2007 budget before us today.

Since President Bush took office our Nation has experienced the greatest average annual decline in household income during any administration since 1960. Not surprisingly, more Americans live in poverty and more lack health insurance now than when Mr. Bush took office.

The economic choices our Nation has made have fallen particularly hard on African Americans. According to the United States Census Bureau in 2004, households headed by African Americans had the lowest median income of any racial group. Poverty among African Americans reached nearly 25 percent, while nearly 20 percent of African Americans lacked health insurance.

The United States Department of Labor reports that the unemployment rate among African Americans has risen 13 percent since President Bush took office, and stood at more than 9 percent in December 2005, which is more than twice the unemployment rate among white Americans.

Confronted with this situation, in which the potential of an entire generation of African Americans could be lost to rising poverty and joblessness, the House has presented us with a budget resolution that would cut $447 million from the amount needed just to maintain the current level of services provided to assist primarily low wage workers and vulnerable families, such as housing assistance for people with disabilities and the elderly, food programs that help low income elderly and mothers and children, job training programs that help the unemployed, and child care assistance.

Confronted with this situation in which 13 million American children live in poverty, including 9 million African American children, the House has presented us with a budget that will result in several hundred thousand low income working women and their children losing their health coverage through a failure to fill a funding shortfall in the States' Children Health Insurance Program.

The House has presented a budget resolution that would add $348 billion in fiscal year 2007 to our ballooning deficit to extend tax cuts totaling $228 billion that will continue to go primarily to the wealthy. In fact, according to the Tax Policy Center, during the years 2007 through 2016, 29 percent of the tax cuts that have been enacted in the individual income tax, the estate tax and the Alternative Minimum Tax since 2001, will go to the top 1 percent of earners while the bottom 60 percent of households will receive just 14 percent of tax cuts.

Mr. Chairman, the budget before us is simply unconscionable and the financial policies it continues are unsustainable.

I urge my colleagues to recognize our true priorities lay with our people and placing our country on a sound economic footing. I therefore urge my colleagues to join with me in rejecting this budget.

Mrs. MALONEY. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. GENE GREEN).

Mr. GENE GREEN of Texas. Mr. Chairman, more than any single piece of legislation we passed this year, the budget reflects our Nation's core values. Unfortunately, this budget values deficits over balanced budgets and tax cuts over the health and education of the American people.

This budget cuts more than $10 billion from critical domestic programs our constituents rely on every day. By eliminating 42 educational programs, the budget fails our children and wastes our opportunity to invest in their future.

It hurts low-income students' shot at the American dream by wiping out the GEAR–UP program that prepares them for college.

It threatens our future economic competitiveness by eliminating vocational programs to help our students gain skills in the global economy.

There is so much in this budget that is wrong this cannot actually represent the value of this Congress and the values of the American people because of what it does.

□ 1300

It cuts the budgets of 18 out of 19 institutes of the National Institutes of Health. It raises deductions and copays for veterans health care.

Mr. Chairman, there is so much wrong with this budget that one thing it does, it continues the tax cuts, and that is why it is not the American values.

Let us help our children, our veterans, and our elderly without giving tax cuts.

Mr. Chairman, more than any single piece of legislation we pass this year, the budget reflects our Nation's core set of values.

Unfortunately, this budget values deficits over balanced budgets, and tax cuts over the health and education of the American people. This budget cuts more than $10 billion from critical domestic programs our constituents rely on every day.

By eliminating 42 education programs, the budget fails our children and wastes our opportunity to invest in their future. It hurts low-incomes students' shot at the American Dream by wiping out the GEAR–UP program that prepares them for college. It threatens our future economic competitiveness by eliminating the vocational education programs that help our students gain the skills to compete in a global economy.

This budget breaks our commitment to military retirees by increasing—and in some cases tripling—their out-of-pocket health care fees. It abandons our quest for health care research and discovery by cutting the budgets of 18 out of 19 institutes within the National Institutes of Health. It cuts programs aimed at preventing illness and disease while also slashing programs that train health professionals to treat these diseases.

As a country at war, there is no doubt that we have to make sacrifices to successfully implement the war on terror and equip our troops. But the funding cut from domestic programs in this budget does not go for war costs. In fact, war costs aren't even included after 2007.

The funding cuts also aren't being used to balance the budget. With this budget, this country will post a deficit of $348 billion for 2007—one of the largest deficits in our Nation's history.

Instead of funding war costs or paying down the deficit, the cuts in this budget are used for tax cuts; $228 billion in tax cuts for the wealthiest Americans when families are in need here at home, and troops are putting their lives on the line far from home.

Mr. Chairman, at best this budget is misguided. But the truth is, this budget is down right immoral, and I urge my colleagues to join me in opposition to it.

Mr. SAXTON. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. MCCOTTER).

Mr. MCCOTTER. Mr. Chairman, I come from a Midwest State, from Michigan, home of the auto industry. And while my district is relatively doing well, according to the unemployment figures that have been released, I can assure you that Michigan as a State is not doing well. There are several reasons for this, which the place here is not to debate. But the thing that I ask as a Member from Michigan is that we do not make it more difficult for the people of Michigan to right the ship and to begin our path to an economic renaissance.

Struggling pockets of poverty and struggling pockets in the manufacturing base in Michigan and the Midwest and other parts of this country can never be revitalized or returned to their prominence if we deviate from the economic path we are on today, because if the American economy goes back to a higher system of taxation, a system that then crushes entrepreneurial initiative and the individual genius of the American worker, States like Michigan will never recover.

We need to continue the economic expansion in this country. We need to continue to follow pro-growth policies, especially in the area of taxation. We do not give anything to anyone. We merely allow them to keep what they have earned so that they can then directly invest in the future of their children, of their community, and of the life of this country.

So, Mr. Chairman, I welcome this debate on the budget. I welcome the debate about the priorities. But I would encourage us to continue the path because of the several fundamental assumptions that the current policies that we, as the Republican majority, have adopted. I think they must continue because they are very prescient.

The first, and I reiterate, is that tax relief does not give anything to anyone. It allows people to keep the fruits of their hard work. That is not a gift. It is a recognition by government that people who generate wealth should be able to invest it for the betterment of themselves and their family and their community.

Secondly, history has proven to us that as the taxation rate continues to escalate, what happens then is money that is more productively invested into the life of the American community is then less productively spent when it is vicariously handled and invested, or spent, by the United States Government.

Thirdly, I would like to point out that when we talk about government, there are objections about Republican fiscal policies that government has to pay for things. The third root assumption, I think, that our economic policies follow, which must be continued, is that government pays for nothing; working people pay for everything.

So I would encourage us to remember that we live in a sovereign democracy, a democratic Republic where your private property is your private property until the government gets it through the consent of you, the governed. Government then holds your money in a pool, collectively in trust, to be expended on behalf of you and your fellow citizens.

So let us not forget that, as we discuss taxation policy, because when we are essentially asking to deviate from the tax policies of pro-growth that we have today where people keep what they earn, we are beginning to forget the fact that the United States Government does not create wealth, the United States Government does not pay, the United States Government is not the repository of property to be dispensed back to people.

The American people have private property rights, and they have the unalienable right to keep the fruits of their labor. Our policies reflect that, and I believe that the American economy, this entrepreneurial energy, has been unleashed because of these policies.

And I conclude by again reiterating my commitment and my hope that this collective Congress continue the path we are on so that States like mine can continue the path to recovery.

Mrs. MALONEY. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. HINCHEY).

Mr. HINCHEY. Mr. Chairman, I thank my friend and colleague from New York for her leadership on this Joint Economic Committee.

As we have heard over the course of the period of this debate, we have had in the last 5 years huge amounts of economic stimulation in this economy. The amount of economic growth dropped off sharply when the Republican Party took control of both the executive and the legislative branches of government in 2001. With the cooperation of the Federal Reserve, huge amounts of monetary stimulation were injected into the economy, and they dropped the interest rates to zero. And this Congress engaged in a spending program which was enormous, huge amounts of spending coming out of these congressional resolutions, these budget resolutions and appropriations bills.

That kind of economic stimulation should have been very positive, but it was not. One of the reasons it was not is because it was done in a very irresponsible way. It was done by borrowing huge amounts of money, and that borrowing has created record amounts of debt for the American people, which they will have to pay back over the course of generations.

As we have heard, the national debt now exceeds $8 trillion, and the majority party has risen that level to almost $9 trillion. With that kind of economic stimulation, huge amounts of spending and very low interest rates, we would have had every reason to anticipate that unemployment would drop, that more and more people would be employed, that they would be employed progressively, that their wages would be increasing, and the economic circumstances for the American workers and for American families would have gone up, except that, as I pointed out, it was done so irresponsibly so that most of the benefits have gone to the wealthiest people in this country and little or no benefits have gone to the middle class.

So the effect has not been that we have cut unemployment and increased employment. We now have 1.2 million more people in America who are unemployed than there were 5 years ago.

Long-term unemployment is even worse: 1.4 million Americans are suffering long-term unemployment.

They have talked about job growth. Well, of course there has been some job growth. What has that job growth been? It has averaged about 38,000 jobs a month. Normally, even without that huge amount of stimulation, that huge amount of spending, normally what we have in America is job growth at the rate of 125,000 to 150,000 jobs a month. Job growth under their economic program has been down to 38,000. That is why we have more and more people unemployed, short term and long term.

Manufacturing jobs, the essence of our economy, the most important aspect of our economy, manufacturing jobs, have gone down by 2.9 million jobs since they have taken over both the executive and legislative branches of government. Real wages for working people in this country have not gone up as you would expect with that kind of huge amount of spending, but real wages have fallen in the past 2 years. In fact, in the last 2 years, they have gone down by nearly 1 percent after inflation for American families.

So the budget resolution that we are seeing today is consistent with the economic policies that the Republican Party has put forth over the last 5 years, which have been so devastating to the American economy, to American workers, and to American families. And that is the reason why this budget resolution must be defeated.

Mr. SAXTON. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri (Mr. HULSHOF).

Mr. HULSHOF. Mr. Chairman, I appreciate that, and I appreciate the leadership of the gentleman from New Jersey.

Let me just say to the last speaker, nothing done for middle-income families? Consider that 5 million taxpayers have completely had their income tax liability removed. In fact, they pay no income tax liability to the Federal Government anymore after these pro-growth tax initiatives.

Mr. Chairman, I was listening to this debate, and I have to tell you, as someone who was an economist at the University of Missouri Columbia, I remember sitting in those, some would say, boring lectures. I was one of the few that actually enjoyed those lectures. But it used to be thought that if you had the unemployment rate in America certainly at 5 percent, it was considered to be full employment. We have a 4.8 percent unemployment rate. As has been rightly pointed out, inflation has been kept in check. We have homeownership at an almost all-time high. Consider the fundamental underpinnings of this economy.

And my friend from South Carolina, whom I have great respect for, I was listening to your discussion as well, and you acknowledged at least there has been some job creation; and you talked about the 8-year period of time under the previous administration, and we are at a 5-year point here as far as this administration. But consider what this President inherited. Certainly everyone can agree, when you put the partisanship aside, if you can, that the economy was slowing in the last 2 years of President Clinton's administration. Then you consider actually what happened as far as the tech bubble bursting, corporate scandals that rocked the confidence of the investor class, the shock that the economy took on September 11.

Clearly, we had the horrific human tragedy but, of course, the economic tragedy as well, plus trying to respond to Katrina and the multiple catastrophic events that we have attempted to do. When you consider we have weathered all of those storms, so to speak, and we have unemployment at 4.8 percent, inflation less than 3, homeownership and all this other positive economic news, and the fundamentals are there, I recognize again that the loyal opposition must be loyally opposed and to your political peril that you would talk up the economy. But I would just simply say that in this intensely partisan political time, at least give credit where credit is due.

I thank the gentleman for yielding.

Mr. SAXTON. Mr. Chairman, just to conclude this debate, it was not a Republican idea originally to stimulate economic growth by use of the tax policy. It was John Kennedy's idea. When Ronald Reagan was elected President, we Republicans all stuck our chests out and said what a wonderful idea. But it was John Kennedy, who, in his State of the Union speech after he was elected, said we cannot expect to continue to lead the economic world if we fail to set the economic pace at home. And he went on in his speech to detail the tax cut plan that he wanted to put in place. It was put in place and the economy grew. And Ronald Reagan did the same thing. A different plan, same concept. And George Bush I did the same thing, and George W. Bush has embarked upon the same thing.

Now, it has been suggested by the minority that somehow we can have tax cuts without cutting taxes of people who pay taxes. This chart to my left shows who pays taxes. As a matter of fact, the top 1 percent of the taxpayers pay 34 percent of the taxes. The top 50 percent of the taxpayers pay 96 percent of the taxes. And that means that about 4 percent of the personal income taxes that are paid in this country are paid by the bottom 50 percent of the wage earners. As Mr. HULSHOF just pointed out, many of those folks have been taken off the tax rolls altogether.

□ 1315

So the charge that people who earn more money get a larger share of the tax cut, I guess I would just ask this question: If you believe, as I do, that tax cuts stimulate economic growth, and if you are going to have tax cuts at all, then you have to cut taxes from the people who are paying them, and they are almost all in the upper half of the income brackets.

The CHAIRMAN. All time on this part of the debate has expired.

It is now in order to conduct general debate on the congressional budget. The gentleman from Missouri (Mr. HULSHOF) and the gentleman from South Carolina (Mr. SPRATT) each will control 90 minutes.

The Chair recognizes the gentleman from Missouri.

Mr. HULSHOF. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, today is a great day, a great day of opportunity for this House and really for the American people. I want to echo what was said during the previous debate, particularly by my good friend and colleague Mr. MCCOTTER from the State of Michigan.

I want to start by actually announcing a truism that certainly all of us, Republicans, Democrats, Independents, liberals and conservatives can agree with, at least I believe it to be a truism, and it would be simply summed up in two statements:

First of all, wealth and prosperity and economic opportunity do not come from government programs or increased Federal spending. Isn't that at least something we can begin to agree upon?

The second corollary that again I think is axiomatic that again surely all of us can agree with, is, secondly, the Federal Government cannot tax its way into prosperity.

So when you consider where we are, as we try to make these very difficult, tough budget choices, I believe that the budget that we have on the floor today should deserve bipartisan support. I don't expect it, but it should.

This fiscal year 2007 budget continues and furthers our plan to strengthen our Nation's most critical programs. It reforms the Federal Government. It spends the taxpayers' dollars wisely.

Again, I am certain that as we over the next couple of weeks go to visit with our constituents, those folks that are actually paying the bills, they simply want to be assured that they are getting a dollar's worth of value out of every dollar that they send to the Nation's Capital. This budget does that, and in fact it does it by focusing on a number of priorities.

We build upon our Nation's greatest strengths. We continue our successful pro-growth policies to ensure that our economy, that has been doing well, job creation that has been increasing, remains strong and that we continue that vibrant economy.

We also accommodate the administration's request to provide whatever is needed in the way of resources to support our troops, again something that I think both sides of the aisle will agree with. We have to continue to keep our Nation's defense and security the strongest in the world, especially at this very critical time.

But we will also continue our efforts at controlling spending across the board. We want to restrain the non-security discretionary spending programs. We want to build on our progress to reform and find savings in some of these mandatory programs that are on autopilot, if you will.

In addition to furthering those reforms to improve our Federal Government programs, it is time again to begin to reform the budget process itself to better reflect and address how Federal Government dollars are actually spent.

When we had our interesting markup last week in the Budget Committee, and I suspect as we heard that night, again, the loyal opposition is likely to provide a somewhat schizophrenic argument. On the one hand they are going to decry the fact that this budget does nothing as far as the Federal deficit and adds to the Federal debt. In other words, they are saying that this budget, we spend too much. And probably then in the second sentence, they will say ''and it doesn't invest enough in certain programs.''

In other words, our friends across the aisle will talk about that the budget spends too much and then it doesn't spend enough. Certainly I would say that covers all the bases.

We think that this is a responsible budget. It focuses on our priorities, our strengths. It keeps us on a pro-growth agenda to keep this economy growing, because as we realized back during the days of the 1990s, with the Democratic President and a Republican-led Congress, we were able to make some significant progress. But it wasn't just Congress. It was those hardworking men and women across the country, the laborers, the farmers, the manufacturers, the lumberyard dealers, the tool and die makers, those in the service industry, those folks that punch the clock every day, go to work, play by the rules, pay their taxes and simply want the best out of government that they deserve. We think this budget accomplishes that, and I urge its support.

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

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in describing the difference between Republicans and Democrats, between them and us, when it comes to the budget resolution for 2007, let me go straight to the bottom line: We have got a manifestly better bottom line.

The Democratic substitute returns the budget to balance in the year 2012. Building on our reputation for fiscal responsibility which we established in the 1990s during the Clinton administration, every year the bottom line of the budget got better and better and better until the year 1998 when we had a surplus and the year 2000 an unprecedented surplus of $236 billion. That was the year before the budget was handed over to President Bush, and it has gone downhill ever since.

So what is the difference between us on the bottom line? The Democratic budget resolution returns the budget to balance by the year 2012.

In the interim, our budget runs smaller deficits and racks up less debt. Not by a huge amount, but by a significant difference. The Democratic resolution also holds nondefense domestic discretionary spending to the level of current services over 5 years, showing that we can exercise spending control without devastating vital services and programs that people dearly depend upon.

The Republican resolution, as I said, never reaches balance and presents no plan or prospect of ever wiping out the deficit or reducing the debt.

The Republican budget resolution in fact would make the deficit worse by $410 billion over 5 years than would just a basic, current services treadwater budget.

OMB projects a deficit for this year, 2006, of $423 billion. House Republicans project a smaller deficit of $372 billion, and they project this deficit to decline to $348 billion in 2007, showing a bit of improvement. But these projections still mean that on the watch of President George Bush the five largest deficits in our country's history will occur. The five largest deficits in our country's history will occur on the watch and administration of President Bush.

To make room for the Bush administration's budget, four times Republicans in the House and Senate have raised the debt ceiling of the United States by $3.015 trillion. They have raised the debt ceiling by over $3 trillion between June of 2002 and March of 2006.

Under the Republican budget resolution, the statutory debt ceiling will increase by an additional $2.3 trillion by 2011. This means that debt ceiling increases from 2002 to 2011 will equal $6 trillion, and the statutory debt will stand at $11.3 trillion, more than doubled over the 10-year period 2002 to 2011, from $5.3 trillion when President Bush took office to 2011.

We can talk about budget in terms of fiscal policy, we can talk about it in terms of budget policy or just plain accounting issues, should we have accrual budgeting or cash budgeting, but here is the bottom line. This budget is a moral document, and the choices it makes, for whom it helps and whom it hurts, but, more importantly, in the debt it accumulates which we hand over to our children.

Are we going to be the only generation in recent American history which bequeaths to our children this dreadful legacy of debt, mountainous debt, $11.3 trillion by 2011? Today we will make the decision once again as to whether or not that is going to be the legacy we leave our children and grandchildren.

To discuss this further, I now yield 6 minutes to the gentleman from Tennessee (Mr. COOPER) and request when his time comes, he can use this time and allot it to the other Members of the House.

The CHAIRMAN. The gentleman is recognized for 6 minutes. During that time, he may yield to others while remaining on his feet.

Mr. COOPER. Mr. Chairman, I thank my friend from South Carolina for yielding. He is one of the great Members of Congress of our time, and this is a vitally important debate.

Our first speaker on our side talking about fiscal responsibility will be my good friend and colleague from Wisconsin (Mr. KIND), for 1 minute.

Mr. KIND. Mr. Chairman, I thank my good friend from Tennessee for yielding me this time, and I commend him for his leadership in trying to institute budget reforms and instill fiscal discipline in the budgeting process.

Listen, we are going to have a very vigorous debate over the next couple of days in regards to the priorities and the values of our Nation, as it should be. People are entitled to their own rhetoric, they are entitled to their own spin, their own opinion, their own ideology, but we are not entitled to our own facts, and the facts couldn't be more stark or more different in regards to the leadership on our budget under Democratic leadership versus the current administration.

As this chart demonstrates, it shows the trend line for budget deficits and budget surpluses, and this upward trend during the 1990s under the leadership of Bill Clinton and Democrats indicates pay-as-you-go rules as they existed for the administration and Congress which led to 4 years of budget surpluses when we were actually paying down the national debt.

This cliff, which this red line demonstrates under the Bush administration, is the administration and Congress operating without pay-as-you-go rules.

What is so hard to get here? We need to reinstate pay-as-you-go rules to bring back fiscal discipline and responsibility, as the gentleman from South Carolina indicated, for the sake of our children's future. Our budget alternative does that. Theirs doesn't.

We are going to continue this downward trend with deficit spending as long as we don't get back to the budget basics.

Mr. COOPER. Mr. Chairman, I thank my friend from Wisconsin.

The CHAIRMAN. The gentleman will suspend. The gentleman from Tennessee was recognized for 6 minutes, during which he may yield to others while remaining on his feet.

Mr. COOPER. I thank the Chair. I yield now 3 minutes to my friend and colleague and fellow Blue Dog, the gentleman from Tennessee (Mr. FORD).

The CHAIRMAN. A Member who does not control time, but who only is yielded time for debate, is free to yield to others while remaining on his feet. He may not reserve time. Although he may indicate to others his intent to reclaim the time after a certain point, he may not yield blocks of time.

Mr. FORD. Thank you, Mr. Chairman, for your admonishment there.

I thank my friend in leading our delegation, JIM COOPER here in the Congress, and thank him for one skill that he seems to have above many of us here. It is just called math. When you were in younger grades, they called it math. When you got older, they added some more syllables, they called it arithmetic. But the rules were the same. You can't spend more than you have.

What has happened here over the last few years is really remarkable. I grew up around this place because my dad was in Congress for 22 years. He worked closely with Mr. SPRATT and a lot of people who are here now. I was a child, or growing up. I don't mean to date them at all, but I grew up around them and with them.

There was a time when the Republicans were perceived as the party that understood math and Democrats were the party that didn't understand math. Then we elected a President from a little State called Arkansas and he picked a little Senator from my State named Gore, and they came to Washington, as JIM COOPER and I know well, and they forced a different kind of approach on us. And that approach was simply balance the budget, get taxes down for most Americans, get investments going up and allow the private sector to do what it does best, which used to be the mantra of my friends to the right of me, literally and politically.

Wow, what a difference a few years makes once you get in power and you have all of that ability to spend money. Everything from pork spending, and I thank Mr. COOPER for his efforts on the committee for not embarrassing my friends on the right by forcing them to vote on that late in the evening about forcing us to include all of the pork projects, Mr. Chairman, before we voted on them and not allowing people to slide them into pieces of legislation late into the evening.

We have 16 agencies that you can't audit, or several agencies within our government that are not auditable. We have yet to ask, and there was a time when the Republicans would ask these things.

Here we are in 2006 and things have changed. The term ''flip-flop'' was used a lot 2 years ago. The flip-flop is here. We now find the men and women on this side raising these points and not my friends on the other side.

I would remind my friends about their great fiscal management. Eight years before 2000, Mr. Chairman, the U.S. economy added almost 23 million new jobs. That is 237,000 a month. Since 2000, job growth has slowed to a total of only 2.3 million jobs, or 38,000 a month. The normal retort is, well, the economy changed and we are at war. We are, but we have made no adjustments here at the Federal level when it comes to the government.

I will make one last point.

□ 1330

Since 2000, the number of Americans living in poverty has grown by 5.4 million people. When the last President was around, I remind you of the three things he did, he was a Democrat, Mr. NUSSLE: He abolished an entitlement program called welfare, he balanced a budget, and he created a surplus.

Now, as much as you may want to criticize him and us, math does not lie. And you all are faced with a predicament that I would hate to be in, and perhaps if I had to make the case you are making I would throw it all back on us and try to create funny numbers and talk about debt as the size of the GDP.

You cannot deny this. Bill Clinton abolished that entitlement program, he created a surplus, he balanced a budget. And, unfortunately, under your leadership, all of those things frankly have been abolished.

Mr. COOPER. Mr. Chairman, in the time remaining, I am a Blue Dog, I am cochair of the Blue Dogs. Every Blue Dog has a sign outside his or her office that lists the debt, $8.3 trillion, and each American's share of that debt.

It is very important that all Americans recognize the liabilities that this administration has added to our backs. Mr. SPRATT said earlier, $3 trillion of this have been added just in the last 4 or 5 years. It took America the first 204 years of its history to get $1 trillion in debt. Now we are doing it about every 18 months.

But don't take my word for it. Don't take the Blue Dogs' word. Look at a book just written by one of the most conservative Republican economists in America, Bruce Bartlett. It is called ''Imposter: How George W. Bush Bankrupted America and Betrayed the Reagan Legacy.'' Now, you might say, well, he is a disgruntled economist, although I would urge everybody who cares about our fiscal future to read this book.

Look at this one. This is from President George W. Bush's Department of Treasury, and they are so proud of this document that it was delivered to this body on Christmas Eve without a press release. In this document, you discover that the deficit last year was not the $319 billion that these gentlemen will admit to, it was $760 billion, over twice as large, and the unfunded liability for America approaches $46 trillion. And this is not according to a Democrat or a disgruntled Republican, this is according to the Secretary of Treasury of the United States.

So it is a vitally important debate, Mr. Chairman. We need fiscal sanity to return in this country.

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

Mr. Chairman, I am proud to be here as the chairman of the Budget Committee to propose and debate the budget resolution for this fiscal year 2007, the blueprint that will guide the Congress' spending and revenue decisions for the coming year.

It is not easy to write a budget ever. It is particularly challenging to write a budget when you have to deal with an economic recession, when you have to deal with the worst terrorist attack that has ever hit practically any nation, but particularly ours on our own shores. It is difficult to write one when you are at war, when you have a whole new priority of homeland security that was never even considered just 10 short years ago, or the largest natural disaster ever to affect the United States called Hurricane Katrina. It is never easy to write a budget, and it is particularly challenging to do that when those kinds of things hit you not just one at a time but all at one time.

Today we are going to hear a lot about politics. You know, there is this new movement around the country that I think is pretty important, and that is that we need new science and math education for our kids because we are falling behind, but I think we probably ought to add history to that, too.

I love how the Democrats come to the floor today, and this is modern history for Democrats. In 2001, George W. Bush took office, and look at the deficit we have today. Nothing happened in between. Of course, there have been 6 years that have occurred, and during those 6 years we had those things like an economic recession, like Hurricane Katrina, like 9/11, like a global war on terror, the need to deal with homeland security. And all of those priorities not only were cheerfully voted by both sides, but the national debt not only went up under all of those votes, but in fact the Democrats proposed even more spending to drive that debt even higher.

And probably the most humorous conversation was the one I just heard on welfare reform, how the President is the one who ushered in welfare reform, President Clinton? This is the same President Clinton who vetoed welfare reform twice, and in fact had to be dragged kicking and screaming to support the Republican-passed welfare reform, which was the first opportunity for us to reform entitlement spending and to deal with some huge challenges that gave us the first surpluses in history.

So this budget is always going to be a challenge to write, but it is particularly going to be challenging if all we are going to hear on the other side is complaints and politics, and not any serious proposals to deal with it.

Is this budget going to please everyone? No. You have just heard quite a few complaints about how this budget is not going to please Democrats, and I can certainly understand why. But this budget takes into account the conversations that we have heard from our constituents back home in particular, and I believe this is the budget that is the right budget and the plan to keep our country moving forward with a strong growing economy, with a secure homeland, to provide endless opportunities both today and tomorrow for our kids and our families. It is guided by what we think are our most important priorities and it is based on a clear set of principles: Strength, spending control, and reform. And let me just touch on these briefly.

First on strength. This budget will further build on our Nation's greatest strengths, which include our Nation's national defense and homeland security, and the robust growth of our Nation's economy and job markets as a result of the plans and proposals that we have passed on this floor over the last 5 years.

Spending control. This budget will continue our efforts to control spending across the board by further restraining the nonsecurity discretionary spending, and building on our progress from last year to reform government, achieve savings in mandatory entitlement programs.

In addition to those reforms, we also believe that it is time for us to reform the budget process and continue the work that has already been done. This budget will begin to reform the budget process by actually dealing with emergency spending.

And I will come back to all of these, but let me first touch on our strengths.

The economy. As I just noted, our underlying strength comes from the Nation's economy, and in the past 4 years, 5 years, it really has delivered. I mean, we have seen some wonderful things as a result of the American people being able to spend and invest and use their own resources. After adjusting for inflation, our economy has grown at a robust average of better than 3 percent a year since 2003. Nearly 5 million new jobs have been created in America as a result of this economy, and the unemployment rate has fallen to 4.8 percent, which not only is historically very low, but by many economists that is considered full employment. Even in the face of higher energy prices, which we are working to deal with, and the worst natural disaster on record, our economy has proven remarkably resilient and strong, growing, creating jobs, and increasing personal incomes.

Clearly, the real credit for the growth goes to the people who do the work in this country, who work and save and invest and create jobs and allow our economy to continue to grow. But we in Congress did support their efforts by lowering their tax burdens, and this budget continues that because we believe there should be no tax increases, as opposed to the Democrats who propose tax increases in their alternative budget. And we did this because of our fundamental belief that the people back home really do make better decisions about their daily lives, about their businesses, about their farms, about their families and communities than the Federal Government ever could make for them.

As a result of giving Americans more control over their money, we have seen more investment, more jobs, greater opportunities in our country, and as a further direct result of this growth from what Americans have done, revenue has come pouring into the Federal Treasury. In fact, last year we saw Federal revenues increase by almost 15 percent in one year.

Now, I realize we have got to stop and just highlight this because if you have been listening to the rhetoric on the other side, you will believe that the bane of all of our illnesses is because we have reduced taxes and that somehow tax cuts have caused this government to fall off its pedestal, when in fact reducing taxes has actually brought in 15 percent more revenue growth to our Federal Government, and it is because our economy works. When you are allowing people to keep their money and invest it on their own, it creates opportunities and jobs and business development, and as a result of that more people pay more taxes and that brings more revenue into the government.

In short, our economy has gone from recession just a few short years ago to a strong sustained period of growth, and to ensure that that growth and strength continues to be in an upward momentum our budget does not increase taxes.

Second is national security. This budget will also continue to provide whatever is needed to support our American troops and to ensure our Nation's defense remains the strongest in the world. We do not have a secret plan, as you will find in the Democratic alternative substitute, that basically says we are not going to fund the war after next year. It is kind of a secret plan to basically say one of two options. We are either going to bring all the troops home like the gentleman from Pennsylvania wants to do or we are not going to fund them so they are able to claim balance. They have basically put no more money, no support to our troops in the field over in Iraq and Afghanistan.

The President's budget, not including war funding, has requested an increase of 7 percent to ensure that our men and women have the opportunity to support and defend our Nation and our budget will accommodate that request. We will also, as we have for the past two budgets, place $50 billion in reserve to fund those wars in Iraq and Afghanistan. And we know that it is going to take a commitment in years to come and we plan to support that commitment, not claim balance and not have some secret plan that is either going to underfund it or bring them home before their job is done.

But even as we provide those resources, we also believe that the administration needs to get the message that we need a full accounting of how this money is being spent and what the implications are for the future. Particularly in the area of defense, we have got to do a better job to ensure that every dollar that we invest and that we put into this critical area is hitting its intended target. It makes our country safer. I cannot think of any activity that deserves more diligent oversight than our national defense.

For homeland security we will provide whatever is needed to ensure our homeland at the border, in our country, in our cities, in our rural areas, whatever is needed. The President has proposed 3.8 percent of an increase and our budget accommodates that request. But just as with defense, we have got to do a better job in this new Department of Homeland Security to make sure these monies are being spent wisely and are actually working to make our Nation more secure.

The second big principle on which we write this budget is controlling spending. Let's start with what we call ''discretionary spending.'' With the necessary shift of our Nation's priorities to provide for these areas of, after 9/11 as an example, we have come to employ kind of a shorthand to effectively divide this discretionary spending into two categories. Let me do that for people who are watching.

We have security spending, which involves our national defense and our homeland security, and what we call ''nonsecurity,'' which is everything else. That is where you will find education, veterans, agriculture, the environment, et cetera. So you have security and nonsecurity. And as most of my colleagues will detail in this debate, we increased our security appropriations funding at a truly incredible rate over the past few years to deal with the challenges that our Nation has needed in regard to security.

But that said, when we decided that our Nation's security was our highest priority, it also meant that everything else needed work and that everything else must come after, although many seem to regularly forget the Federal Government simply does not have an infinite supply of money, nor should it. So when we decide to increase spending in one area, you have got to determine how to pay for it and how to reduce spending in other areas. That is what budgeting is all about.

Last year we held our nonsecurity spending to a freeze tighter than the previous year's 1.3 percent growth and certainly a marked improvement over the previous 5-year average of 6.3 percent. This year the administration has asked for a freeze, according to CBO's estimate, for all the nondefense, nonsecurity spending in our budget. We will assume that freeze is for nonsecurity spending. We believe that our security must come first or none of these other programs will matter much.

That said, it is important to note that while our budget sets an overall number, it is the Appropriations Committee who determines how that money is allocated. Clearly there are high priority programs that receive and should receive increases. But in order to provide those increases, they have to have offsetting reductions and eliminations of other programs, and we know the Appropriations Committee can do this and will do this. Last year alone they eliminated somewhere near 110 specific programs in order to ensure that we fund those programs that are higher priorities.

Now, let's get to where the real rubber is going to hit the road with this budget and where it needs to hit the road.

□ 1345

This is the funding that is truly out of control.

Our biggest challenge in Federal budgeting is the problem of mandatory, automatic, entitlement spending. That is now two-thirds of the budget, and two-thirds of the budget needs some attention. Well, we provide the attention while the Democrats, you can hear the crickets. They do not even look at it. There is no reform in their budget for the mandatory programs. Just do not worry about two-thirds of the budget. We are only going to talk about one-third, they say.

We need to work on reforming these programs. They are important to the people back home. They are not always doing the job they need to do. We need to constantly reform and weed the garden to make sure that garden can continue to grow and make sure that we can eliminate the waste, fraud, and abuse in those programs.

Currently, our mandatory spending is growing at 5.5 percent a year. That is faster than our economy is growing. It is faster than inflation, and it is certainly faster than any of our means to be able to sustain it.

To put it another way, if our budget were balanced right now today, our entitlements would drive it right back into deficit; and so we have got to deal with these challenges which, of course, are highlighted probably most dramatically because there are 78 million baby boomers who are beginning to turn 60 this year, and medical costs are skyrocketing, and there is a steady decline in the number of workers for each retiree.

The problem only gets worse. So we have got to address this. We have got to acknowledge on both sides of the aisle that ignoring this problem, offering no solution on how to fix it, and fighting against those who are trying to help is not going to benefit any one person, is not going to benefit any group. Certainly it is not going to be able to give us the opportunity to be able to deal with these programs in the future.

Just throwing more money at programs, my goodness, you would think somebody would get real, get a more creative budget than this just to throw more money at things and assume that they are actually going to work. We need to reform these programs.

Last year, for the first time in nearly a decade, we took the first step to reform some of these largest programs. We saved $40 billion in the process. We allowed better delivery of these programs to the people they were intended for.

This year's budget will continue to build on those savings by yet again reforming the mandatory programs and establishing that we should, on an annual basis, reform government, even if it is a small amount.

I know people around here say why are you bothering with $6.8 billion. Well, that may be small to some of you, but it is not small to the taxpayers who have to pay the bills around here. This budget will continue to build on those savings by, again, reforming mandatory programs and establishing this annual process.

Finally, let me talk about reform, which this budget is based on. To some extent, we are still learning lessons from Hurricane Katrina. We should continue to always learn the lessons; but one of them that became, I think, very clear is that if we do not control spending, if we do not get good control of spending, it becomes very difficult to manage unforeseen events that inevitably face us.

One certainly could have foreseen that we were going to have a hurricane. We have them every year. We have them every year that I have been in Congress; but no one, no one, could have foreseen the devastation that has occurred as a result of Hurricane Katrina, and no one would have expected it to be built into anybody's budget. We did not build it into ours. The President did not build it into his. Certainly the Democrats did not build it into theirs. In fact, this year they build no money into their budget for emergencies.

Now, wait a minute. I realize this may surprise you. It was in all the papers. We had a disaster last year. We had an emergency. We had a hurricane. Not just a little one, but a big one. Why do we not at least plan for the little ones? Let us at least plan for the disasters that we know are coming.

Mr. FORD. We have the same amount of emergency spending that you have, Mr. Chairman.

Mr. NUSSLE. Mr. Chairman, I believe I have the time, and I have not yielded.

The CHAIRMAN. The gentleman from Iowa has not yielded.

PARLIAMENTARY INQUIRY

Mr. FORD. Parliamentary inquiry. Who signed the welfare reform bill that was passed last century?

The CHAIRMAN. Does the gentleman from Iowa yield?

Mr. NUSSLE. No, I do not.

The CHAIRMAN. The gentleman from Iowa has the floor.

Mr. NUSSLE. Mr. Chairman, I appreciate that.

So while we are continuing to learn the lessons, Congress needs to plan for it. Congress needs to plan for these emergencies, and our budget does that. This year, not only will we build in a reform of our mandatory programs and further restrain our nonsecurity discretionary spending, but we need to reform the budget process as well to reflect the actual spending that is currently spent outside of that normal budget process, and it is called emergency spending, for many natural disasters where appropriate spending is certainly necessary.

In addition to emergency reforms contained in this budget, we will continue the process of reforming the budget and reforming the budget process and how we make spending decisions throughout this year. We need to tackle earmarks. We need to tackle the sunsetting of programs that have outlasted their usefulness. We need to deal with line-item veto, and we will do this throughout this year.

Let me just end by saying this. I do not think I need to remind anybody about the massive challenges and changes that our Nation has endured these past few years or the myriad of challenges that lie ahead. We have had enormous challenges in writing the budget. I do not shy away from any of them. I know it would be easy for somebody to just punt.

Well, we decided we were going to meet each one of those challenges and deal with them, and every single year we have had a plan. Finally, this year, the Democrats rushed to the floor with a plan and suggest that they finally now have an idea on how they are going to balance the budget. We will take a look at that a little bit later.

But we have had a plan every year, and our plan has worked, and we have been able to manage our deficits and our debt and our taxes and our economy and deal with so many important priorities in an appropriate way. We have kept our country going when many people, after some of these disasters, said our economy was going to collapse, that we were not going to be as powerful as we were in the past; but because of the leadership we have provided, much of which started in these blueprints, we believe we have been able to keep our country growing and growing strong.

We have seen how the Nation's most fundamental priorities have shifted dramatically, some by circumstance, some by choice, but they have shifted; and we have managed through the process as best as we could.

For the past three budgets, after recovering from the initial shock of 9/11, we have set a bold plan to shore up and strengthen our defense and homeland security, to get and keep our economy growing strong and creating jobs and controlling spending and continuing the process of reform and reducing the deficit, and the deficit has reduced.

We followed that plan, and adjusting it to last year, making a down payment on the immense new hurricane spending. We have made real progress.

But last year's hurricane served as a stark reminder that controlling the budget does not just happen one day out of the year. It is a long-term, step-by-step commitment that takes resolve. It takes more than one person to do it. It takes particularly in extraordinary circumstances a plan, and that is what we present today, our plan for fiscal year 2007.

We need to pass it. We need to stick to it. We need to enforce it. Certainly if there are challenges, we need to adjust to it, but we need a plan. We need to work the plan. We need to enforce the plan, and we need to pass the plan today.

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

Mr. SPRATT. Mr. Chairman, I yield myself 2 minutes.

I said earlier that this is an excellent opportunity to show the difference between Democrats and Republicans. This document does that; but with respect to national defense, function 050, there is no difference, because to the dollar we have provided the same amount of funding as the Republican resolution. There is no difference.

On the other hand, with respect to education, there is an enormous difference because the Republican budget resolution cuts education by $45 billion over 5 years below what we call the level of current service, staying where we are. Last year, for the first time in 17 years, the President requested less for education in 2006 than was appropriated in 2005; and this year, he asked for an even larger reduction, $2.2 billion less in 2007 than appropriated for 2006, and these cuts come on top of big cuts, crippling cuts in federally guaranteed student loans.

To discuss further the impact and consequences of these enormous cuts in education, which our resolution does not provide for—we fully restore education to current services, fully restore the cuts they would make—is RON KIND of Wisconsin, a member of the Education Committee, and I yield him 6 minutes for that purpose.

Mr. KIND. Mr. Chairman, I want to thank my good friend from South Carolina for the leadership he has provided on the Budget Committee, and we do want to take a moment to talk about the priorities of our country, especially when it comes to the investment of the future of our country, and that is the education of our children.

Mr. Chairman, our country is going to face two of the greatest challenges in the history of our Nation in this century. One is securing our Nation against the global threat and the global capability of international terrorism, but, secondly, it is our ability to remain the most innovative and creative Nation in the world. That requires an investment in our children and the quality of education that they are exposed to.

It is something that we do in our budget alternative, and we do it by operating under pay-as-you-go rules that will restore us to balance again by 2012, but by maintaining that important investment in our children's education.

Their budget punts, in fact, their numbers track the President's recommended budget, which calls for the elimination of 42 education programs in our country, including vocational education, gone; Perkins loans, gone; Safe and Drug Free Schools, eliminated; education technology and Even Start, eliminated, in what the President is calling for in the budget.

We can do a better job with our alternative, and we would encourage our colleagues to support it.

Mr. Chairman, I yield 1½ minutes to the gentlewoman from Connecticut (Ms. DELAURO), a real champion of our children and to education in this country.

Ms. DELAURO. Mr. Chairman, this budget contains massive deficits for our children and unaffordable tax cuts for the wealthiest Americans at the expense of middle-class families. Particularly damaging are the cuts to critical services in education, workforce development, health, veterans services, and environmental protection.

It fails to include an additional $7 billion so that in fact we can fund education and health and the other services in the same way that the Senate, by a vote of 73–27, voted a few weeks ago, funding for the Community Services Block Grant, Low-Income Heating Assistance, National Institutes of Health and Pell Grants, programs that touch virtually every community health center, hospital, school district, and employment center in the Nation.

Last week, I proposed an amendment that would restore this $7 billion when the Budget Committee met. It was rejected by this Republican majority on a party-line vote, and what we are left with are cuts that would cut cancer research by $40 million.

We tell our kids today, you need to have a post-secondary degree; you no longer have the luxury of just having a high school diploma because we exist in a global economy. What they will do is to eliminate more than 40 education programs, all Federal vocational and technical education programs. They freeze the Pell Grant.

Education has been about opportunity. They will deny the opportunity of our youngsters to be able to get a college education.

That is what this budget does. These are Republican priorities. They are not the American priorities. It is a misguided and it is an immoral budget, and we ought to support the Spratt substitute.

Mr. KIND. Mr. Chairman, I yield 1½ minutes to the gentlewoman from California (Ms. WOOLSEY), a real leader on the Education Committee and a champion for our children throughout the country.

Ms. WOOLSEY. Mr. Chairman, we need to put sanity back into the Nation's fiscal policies, and this Republican budget just does not do that. In fact, we continue with their policies to fill the pockets of the defense contractors while leaving only pennies for nearly every other priority of this country.

That is why I offered an amendment to the budget that would trim $60 billion in waste from the Pentagon budget, not a single penny, by the way, from the wars in Iraq and Afghanistan, and put these savings to work on behalf of the people and programs that truly strengthen America.

□ 1400

By cutting outdated and unused weapon systems that were designed to fight the Cold War, relics that have no place in today's modern military, we could invest in our national priorities, like education. We could be rebuilding and modernizing our public schools, or we could be making up for the President and the Republican Congress's $55 billion of underfunding for No Child Left Behind.

The savings would also be spread to homeland security, cutting the deficit, a skilled and educated workforce, healthy children, less dependence on fossil fuels, better fire departments, scientific progress, and less debt. That is what makes America strong and safe.

Enough is enough, Mr. Chairman. It is time we invested in our kids and their education, not in Cold War relics. Vote against the Republican budget.

Mr. KIND. Mr. Chairman, I yield such time as she may consume to a real leader on education and workforce development issues, the gentlewoman from Pennsylvania (Ms. SCHWARTZ).

Ms. SCHWARTZ of Pennsylvania. Mr. Chairman, I rise to reject the borrow and spend policies included in the Republican budget, a budget that fails to balance the Federal checkbook, ignores our obligations to Americans, and heaps debt on our children and grandchildren at the rate of $1 million a minute.

Mr. Chairman, our budget, the Democratic alternative, would balance the Nation's budget by 2012 through fiscal discipline, something the Republicans refuse to do. And in contrast to the Republican budget, we would make the important investments in homeland security, health care, and services for our veterans.

Specifically on education, we would restore what the Republican budget does not do. The Democratic budget would in fact invest in educating our children. It would meet our Federal obligations under No Child Left Behind and under special education, and it would not pass along these costs to our local and State governments. It would help young adults be able to get the advanced education needed to have the skills and the technology to be able to compete in the 21st century.

We should reject the Republican budget and support the Democratic alternative.

Mr. NUSSLE. Mr. Chairman, I yield 2½ minutes to the distinguished chairman of the Veterans' Affairs Committee, the gentleman from Indiana (Mr. BUYER).

Mr. BUYER. Mr. Chairman, this budget with regard to the funding of VA is derived from what I call the crucible of hard lessons. I chose to leave the Veterans' Affairs Committee to examine the budget modeling issues for the VA.

A budget shortfall was exposed last summer. VA Secretary Nicholson and OMB, to their credit, stepped up to the plate, taking accountability for a flawed budgetary process. Their improved use of timely data, methodology, and balanced policy expectations are reflected in the President's budget request for the VA.

The budget before us today reflects our priorities: To care for veterans who need us most, those hurt and disabled by their military service, those with special needs and the indigent; to ensure a seamless transition from military to civilian life, and to provide veterans with economic opportunity to live full and complete lives.

The veterans spending has increased from $48 billion in 2001 to approximately $70 billion this year. At a time of tough budget choices, when in most Federal spending we see few, if any, increases, veterans spending will rise next year by 12 percent. With the Nation at war, this is altogether fitting.

We have heard the rhetoric that describes an increase as a cut, but truly this budget continues a decade-long record of leadership under this majority. I refer here to the chart that shows the historic increases, from the $17.6 billion in 1995 to now $33.8 billion for discretionary spending alone. This is a far cry from the flat-lined budgets that we were receiving during the Clinton years.

We have increased the access to quality care, with more than a million veterans using the VA than they did 5 years ago. But challenges remain. The VA must decrease its claims backlog with regard to benefits claims, which exceeds around 800,000. Centralizing the VA's information technology structure is very important. You can't just measure compassion by the dollar. It is how we look at the operations of government. And centralizing the VA's information technology could save an estimated $1.2 billion over 5 years, according to testimony by Gartner, the consultant.

Also, to achieve a seamless transition to our new veterans in the VA, VA and DOD must fully share in the electronic medical records. This is extremely important and there is good progress in this area.

I want to continue to work with the chairman of the Budget Committee on issues of modernizing the GI bill, which we have discussed, and also the issue with regard to the estimate that the administration used with regard to collections. It is an issue I will work with the chairman on as we go to conference with the Senate and, hopefully, we can get that worked out.

I want to applaud the chairman's efforts on behalf of America's veterans. This is a good budget.

Mr. SPRATT. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, with respect to veterans' health care there is also a big difference. The President's budget funds veterans' health care at $12.5 billion below the Democratic Alternative over 5 years, and on top of that the President calls for veterans to be assessed a $250 fee to enroll for care at a VA Hospital.

In the markup in our committee, House Republicans raised funding for 2007 by $2.6 billion above current services. But from 2008 through 2011, the Republican budget resolution cuts veterans' health care by $8.6 billion less than what CBO estimates is needed to maintain current services. By contrast our resolution, the Democratic resolution, maintains funding every year at the CBO level of current services from 2008 through 2011.

Here to discuss further the impact of the two budgets upon veterans' health care is a Member who knows all about this. He is the ranking member of the appropriations subcommittee with jurisdiction on this matter.

Mr. Chairman, I yield 6 minutes to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Chairman, I have had the privilege of representing over 40,000 Army soldiers who fought in Iraq. I have seen firsthand their sacrifices and the sacrifices their children and spouses have made on behalf of our country. That is why I believe we have a moral obligation to support our veterans and our military retirees, and we should support them not just with our words but with our deeds.

It is the right thing to do, because our veterans have kept their promise to defend our country and we should keep our promise to provide health care for them. And it is the smart thing to do, because if we break our promises to our veterans and military retirees we will never recruit the best and brightest of the younger generation to fight our war on terrorism.

That is exactly why I am adamantly opposing this budget. While on the issue of veterans it has a 1-year fig leaf plus-up of VA health care, for which I am grateful and supportive, the fact is that this budget resolution would cut present services for veterans' health care by over $5 billion over the next 5 years. That is right, this budget resolution would cut veterans' health care services during a time of war. If that is not immoral, I do not know what is.

The fact is that it is even worse than that, because the Congressional Budget Office baseline assumes there is no net increase in the number of veterans going into the VA health care system every year. So if you build in 100,000-plus additional veterans we have had in that system each year, the cut is even deeper than $5 billion to veterans' health care during a time of war.

Let us talk about military retirees, men and women who have served our country in uniform, gone into harm's way, served in the military more than 20 years, many of them over 30 years. What does this budget do to them? It puts in effect a tax on military retirees' health care. For retired military officers this would amount to nearly a $1,000 a year retiree health care tax, and for enlisted retirees a $500 a year tax on the military retiree health care premiums.

Does it ask Members of Congress to triple our health care premiums? No. Does it ask members of the President's cabinet to triple their health care premiums? No. What this budget resolution does say is that those of you who have served our country for 20 or 30 years in the military, you are going to have to suck up the burden. You are going to have to pay for the cost of this Republican budget.

I don't think that is fair, and I don't think the American people will think it is fair. I certainly know the Military Officers Association of America, the Disabled Veterans Association, and numerous veterans organizations have said this is not fair.

Let me just quote Joe Violante, the Legislative Director of Disabled American Veterans, on this proposal. ''Providing needed medical care to military retirees is a continuing cost of national defense and is our Nation's moral obligation. No condition that military retirees be forced from a benefit they were promised is acceptable, especially in these times.''

What did the Budget Committee do? On a party line vote they voted down my amendment that would have said no to the administration's proposal to triple these military retirees' health care premiums over the next 2 years. We could have said ''no'' to that unfair burden, but my Republican colleagues on the committee voted against my amendment. By doing so, they assume the President's extra revenue from those health care premium increases and put that into their budget.

Cutting veterans' health care by over $5 billion in the next 5 years during a time of war, putting a tax on health care premiums for military retirees is no way to show respect for our military or to strengthen America. That is why we should say ''no'' to this budget resolution.

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

ANNOUNCEMENT BY THE ACTING CHAIRMAN

The Acting CHAIRMAN (Mr. FOLEY). The gentleman from Texas may not reserve time. The remaining 2 minutes are yielded back to the gentleman from South Carolina.

Mr. NUSSLE. Mr. Chairman, I yield 2 minutes to a distinguished member of our committee, the gentleman from Texas (Mr. CONAWAY).

Mr. CONAWAY. Mr. Chairman, I would like to talk a little about the role of government in a growing economy.

To my way of thinking, that role is to just basically get out of the way. A growing economy is one in which the Tax Code is in a circumstance where it is not an overt burden on it. Not to say that our current Tax Code is perfect, by any stretch of the imagination, but these low tax rates and these tax concepts we put in place in 2001 and 2003 have in no small part added to the growing economy that we currently have.

We don't want to talk today about the regulatory burdens and interference that families and businesses have from government, but those should be counted in the cost as well and get those out of the way.

When you put the pro-growth policies in place that we have had, you get some startling results. We have 17 straight quarters of growth, as measured by the GDP. We have 5 million new jobs that have been created. Unemployment across the Nation is at 4.8 percent, which many think is full employment. Actually, in District 11, which I represent, the unemployment rate is zero, for anyone who wants a job. And a record number of Americans are working today. A record number of Americans are working and paying taxes.

A little aside on the importance of a job, I spent a lot of time in west Texas working on United Way issues and other social service issues, and it has been my experience that when a family has a job that family is better off. That family is able to provide for itself, to make its own decisions about how it wants to conduct its life, and when those individual families are better off then the neighborhoods are better off and the communities are better off as well. So 5 million jobs should not go unnoticed as a startling number in a growing economy.

In conclusion, I think we see that the pro-growth tax policies we have put in place have created record revenues. We will collect more money this year than in any other year in our Nation's history, collecting and growing it in the correct way, more taxpayers paying tax rates at a lower number.

What we have is a spending problem and not a revenue problem. This budget addresses discretionary spending in a modest way, and it also addresses the mandatory spending in an even more modest way. But they are steps in the right direction, and this new mandatory spending will be the first time ever we have done it twice in a row, and I urge my colleagues to support this budget resolution.

ANNOUNCEMENT BY THE ACTING CHAIRMAN

The Acting CHAIRMAN. For clarification, the gentleman from Texas (Mr. EDWARDS) had 2 minutes remaining of his 6 minutes. As he may not reserve time, the Chair presumed that it was yielded back to the gentleman from South Carolina.

Mr. SPRATT. The gentleman has 2 minutes remaining on his original allocation of time?

The Acting CHAIRMAN. It has returned to the gentleman from South Carolina.

Mr. SPRATT. Mr. Chairman, I yield the gentleman from Texas back his 2 remaining minutes.

The Acting CHAIRMAN. The gentleman from Texas (Mr. EDWARDS) is now recognized for 2 minutes.

Mr. EDWARDS. Mr. Chairman, let me just say that cutting health care for veterans during a time of war by over $5 billion compared to present services and putting nearly a $1,000 a year military health care tax on military retirees' premiums is not a way to say thank you to our servicemen and women who have risked their lives to defend our country.

And if that weren't insulting enough, to add insult to injury, this budget resolution would say to those people that are making $1 million this year in dividend income you don't have to give up one dime of your $220,000 tax cut. That makes a mockery of the principle of shared sacrifice during a time of war.

Military retirees' health care premiums. Let's say ''no'' to stopping the tripling of those premiums. Let's allow the administration to go through with its proposal to triple those health care premiums, to veterans' health care services over 5 years, and it is in the budget. If you look at the numbers, over a $5 billion cut in present services to veterans. That is okay, but let's not ask those people making $1 million a year in dividend income to give up one dime of their $220,000 tax cut. That is more money than a private serving in Iraq will make over the next decade. The American people understand tough times. And in tough times, they ask for fairness and they ask for shared sacrifice.

□ 1415

This budget resolution is an insult to the American principle of shared sacrifice during time of war, and that is why we should vote this budget resolution down.

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

I cannot find anything of what the gentleman from Texas just said in the budget. I am still looking. None of those policies exist. All of that is just kind of created out of whole cloth. I have looked through it. There is no tax on veterans. My goodness, what kind of rhetoric is that, taxes on veterans. My goodness. Not in here. You cannot find it. I defy you to find it. I don't see a tax on veterans.

Mr. Chairman, I yield 2 minutes to the gentleman from Kansas (Mr. RYUN) and a member of the committee.

Mr. RYUN of Kansas. Mr. Chairman, there is nothing in this budget process that creates greater priority than what we do as a Nation. When it comes to this budget, Congress has no higher priority than providing for our national defense.

This Congress remains unwavering in support for our troops, both here and abroad. After 9/11, we spent quickly to rebuild New York and the Pentagon. We spent deliberately to enforce our Nation's defenses to prosecute the war on terrorism. Over the past 4 years, the budget for the Department of Defense has grown by $22 billion, or roughly 6.3 percent per year. This figure excludes the money we have committed to fight the war in Iraq and Afghanistan, which is an additional $317 billion if we assume the most recent supplemental.

So when you add DOD's base budget with the additional funding for the war, the defense budget has increased by an amazing 70 percent since 2002. So, clearly, this Congress has had no higher budget priority than providing for the security of this country, and that is the way it should be.

Even prior to 9/11 and the war on terrorism, the need for a military transformation was evident. So, now, DOD and our Nation as a whole must confront the challenges of waging a very unconventional war, even in the midst of massive transformation.

One of the challenges we confront here today is to provide funding for our country's safety. This budget fully accommodates the President's request for the Defense Department, which increases funding to $439.8 billion in discretionary spending, an increase of 7 percent.

We will also see, as we have in the past two budgets, we have included a $50 billion placeholder for the ongoing operations in Afghanistan and Iraq. That is probably not the right figure, and as we go through the year we will probably write another one; but it is a reasonable place to start and help provide for those fighting for our freedom overseas.

Now, as I said a moment ago, there is no higher priority in this budget than providing whatever is needed to protect and defend our Nation. That said, all the taxpayer dollars should be spent wisely with proper planning and oversight. I urge my colleagues to support the budget for fiscal year 2007.

Mr. NUSSLE. Mr. Chairman, I yield to the gentleman from Alaska (Mr. YOUNG), the chairman of the Committee on Transportation and Infrastructure, for a unanimous consent.

(Mr. YOUNG of Alaska asked and was given permission to revise and extend his remarks.)

Mr. YOUNG of Alaska. Mr. Chairman, first let me thank Mr. NUSSLE and Mr. SPRATT, especially in the realm of transportation.

Mr. Chairman, I want to take this opportunity to thank Budget Committee Chairman NUSSLE and ranking member SPRATT for their assistance during last year's Surface Transportation Reauthorization.

The budget title of the Safe, Accountable, Flexible and Effective Transportation Equity Act, a Legacy for Users (SAFETEA LU) contains the vitally important funding Firewalls for the Federal Highway, Transit, and Highway Safety Programs for fiscal years 2005 through 2009.

My committee is grateful for the Budget Committee's recognition of these important guarantees and their codification in the Balanced Budget and Emergency Deficit Control Act.

I understand that the budget resolution incorporates certain assumptions for Function 400 Transportation Activities.

First, all mandatory funding is assumed to meet the Congressional Budget Office's baseline.