

Carolina Granite Corporation, Chairman of Riverside Building Supply, Incorporated, and on the Board of Directors of Insteel Industries and United Plastics Corporation.

He also serves on the Board of Trustees for North Carolina State University and is a past member of the North Carolina Board of Transportation and a past member of the Board of the North Carolina State Ports Authority.

Richard attended North Carolina State University where he received a Bachelor of Science degree in nuclear engineering. Upon graduating, he served in the U.S. Army Ordnance Corps from 1961 to 1964. Afterward, he returned to Mount Airy and started working for his former Scoutmaster, Mr. John S. Clark, at the John S. Clark Construction Company. Richard has thrived in his nearly 40-year career at John S. Clark and has contributed greatly to the company's impressive growth and success. Now Richard serves as the Chief Executive Officer of the company.

Mr. Speaker, Richard Vaughn has contributed greatly to his hometown, his State and his country, both civically and professionally. Richard and his lovely wife, Betty Kay, have also been excellent role models for their children and grandchildren. I commend him for his commitment to service and congratulate him for receiving the 2006 Distinguished Citizen Award.

□ 2000

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

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

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

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

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

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

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

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

The SPEAKER pro tempore. Under a previous order of the House, the gen-

tleman from Illinois (Mr. EMANUEL) is recognized for 5 minutes.

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

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

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

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Ms. CORRINE BROWN) is recognized for 5 minutes.

(Ms. CORRINE BROWN of Florida addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

#### THE FEDERAL BUDGET

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

Mr. HENSARLING. Mr. Speaker, we have just received some news yesterday which I hope will sufficiently alarm every big spender that we have in the United States House of Representatives. Yesterday we received the annual report on the financial well-being of Medicare and Social Security from the trustees of those funds. They report that the fiscal situation has again deteriorated and, in fact, Social Security will become broke in 2040, 1 year sooner than expected, and Medicare will go broke in 2018, 2 years sooner than expected.

This is not good news, Mr. Speaker; but a number of us have been speaking out for weeks, for months, for years that we must do something in this body to change the fiscal path that we are on.

Now, today, if you are a senior receiving Medicare, receiving Social Security, you are going to be fine. But there is this great big baby boom generation that has been paying billions and billions of dollars into the funds, and soon they will be taking from the funds; and the fiscal situation will deteriorate rapidly.

The challenge that we have, though, Mr. Speaker, is that too many people in the Federal city, too many people in this body, are focused on the next election and not the next generation.

Now, the report we received is certainly not a crisis. It is not something we have to take care of today. We do not have to take care of it tomorrow, do not have to take care of it next week. But let there be no doubt about it, if we want to preserve Medicare and Social Security as we know these programs for the next generation, steps must be taken today. Otherwise, we will put our Nation on a course, on a

fiscal path, that will determine, that will actually ensure that our children, our grandchildren have a lower standard of living than we do.

So, Mr. Speaker, this is the week where we are due to vote on the budget, and the budget is always a time of great debate in this institution. And I hope that the American people focus on the fact that the budget is more than just numbers; it is more than just getting out a pencil with a stubby eraser; it is more than just red ink and black ink, and, unfortunately, it has been a lot more red ink than black ink. It is really about priorities. It is about the society that we want to have. It is about the legacy that we will leave the next generation.

I personally got into the parenthood business 4 years ago. I have a 4-year-old daughter and a 2½-year-old son. And I think a lot about the kind of America that I want my children to grow up in and all the children that I see in the Fifth Congressional District of Texas that I have the honor to represent in this body. I want to leave my children a legacy of greater hope, greater freedom, and greater opportunity. I do not wish to leave them a legacy of greater debt, greater taxes, and more big government bureaucratic solutions. That is not the America I want to leave them. I think that if we will just ford the frontiers of freedom, if we can have smart government, limited government, accountable government, then our children and grandchildren can have an even brighter future than what we enjoy today.

But as we debate this budget, it is a little bit like that film with the comedian called "Groundhog Day," where it seemed like he, Bill Murray, relives the same day over and over. And for those of us who have been veterans of these budget debates, it seems like the debate points never change. Maybe the numbers do and the situation gets more serious, but the debating points do not seem to change.

So first, Mr. Speaker, there will be a number of different budgets that we debate; but my guess is, if history is our guide, it will come down to one Republican budget and one Democrat budget.

Now, the Democrats will tell us that all these programs are being cut and if you will only send more money to Washington, we can solve all these problems for the American family. If you will just trust Washington, if you will just trust the liberal elite in the Nation's capital who know better about your family than you do, then everything will be fine.

Let me tell you, Mr. Speaker, what has been happening. First, Washington, D.C., our Federal Government, is now spending, last year, starting with last year, over \$22,000 per household. This is only the fourth time in the entire history of America that the Federal Government has spent this much money. It is the first time since World War II that the Federal Government has taken so much money away from hard-working American families to bring up

to Washington, D.C. And as you can tell from this chart, frankly, the trend line is very, very worrisome. And in just the past decade, look at what has happened: the average family income, as measured by median family income, 10 years ago was roughly \$45,000 per family of four. As you can tell from this bottom line, it has now increased over 10 years to about \$62,000 for a family of four.

But look at what has happened to the Federal budget. Ten years ago it was about \$1.6 trillion, and now it is approaching \$2.6 trillion for the next year. The Federal budget has outpaced the family budget by almost a full third in just the last decade. And the future trends are even more alarming.

So, Mr. Speaker, tonight I want us to focus on what the future is going to look like if we do not change big spending ways in Washington and what the future can look like if we will just have smart government, limited government, accountable government, and trust the American people and trust freedom and trust hope and trust opportunity.

At this point, though, I am very happy, Mr. Speaker, that we have been joined by an outstanding Member of the freshmen class who has been a real leader in the United States Congress in trying to protect the family budget from the Federal budget, to try to restrain out-of-control Federal spending.

Mr. Speaker, I yield to the gentlewoman from North Carolina (Ms. FOXX).

Ms. FOXX. Mr. Speaker, I thank Representative HENSARLING for yielding. We all owe him a great debt for the work that he does in getting us this kind of information about what is happening with the budget. He has been a tremendous leader not just in the Republican Study Committee, where we talk about these things a great deal, but here on the floor, bringing the attention of the American people as well as the Members of Congress to these issues.

I say over and over again, when I get a chance to do so in small groups and in large groups, that what we have to refocus on in this Congress is the role of the Congress and the role of the Federal Government. What has happened in this country is we have allowed the Federal Government to get its tentacles into all kinds of issues that it has no business being in.

The Founders of this country were very, very concerned about the role of the Federal Government and wanted to keep a weak Federal Government and strong State governments. It made sense to do that. One of the ways that they did that was to spell out clearly what the responsibilities of the Federal Government would be and then say everything not mentioned here remains with the States. That is the 10th amendment of the Constitution. And we do not pay enough attention to that amendment, I think, on a day-to-day basis in this body; and we need to be

doing that because we have gotten involved in things we should not be involved in.

The number one role of the Federal Government is to provide for the defense of this country. However, what has happened is that over time Members of the Congress and the executive branch have decided that we should be like Santa Claus to the country and we should get involved in many, many other kinds of programs. We are very much involved in education. We are very much involved in health care through Medicare and Medicaid. We have the Social Security program, which is, I think, a cruel hoax on the American people. We have told the American people that we will provide for their retirement through the Social Security program; and as my colleague, Mr. HENSARLING, has pointed out, we keep getting sobering information about the requirements we have established for ourselves and what mechanisms we have for taking care of those requirements.

We have created, in the lexicon of our government, some terms that we need to get out of our lexicon. The word "entitlement" is something that is used a great deal. There is no such thing as an entitlement from the Federal Government, but we have created that over the years by our interest in creating power for ourselves here in the Congress. And it is a very insidious thing that has happened, which we need to do something about.

We also talk all the time about mandatory spending. Mandatory spending is talked about in terms of Social Security, Medicare, Medicaid. These are programs that are put on automatic pilot, and nobody ever deals with them. Oh, every year somebody comes up with a study such as Congressman HENSARLING mentioned, and then people get nervous and then they stop talking about it.

Our colleagues on the other side talk all the time about the deficit. But day after day after day, they talk about both the deficit and then how we are not spending enough money on various programs. We cannot have it both ways, but yet we continue to try to have it both ways, and we have tried to convince the American people that we can have it both ways. But we cannot do that.

There is a big difference. The difference is that the folks on the other side think they know how to spend your money better than you know how to spend your money. Republicans have the opposite opinion. They think that you know how to spend your money better than the government knows how to spend your money. And to do that, we have made tax cuts in the last few years. I was not here when the major tax cut was made in 2001, but it is really responsible for why our economy is growing as well as it is growing. We have these terrible situations looming out there on the horizon, but the economy right now is doing well, and it is

a direct result of the tax cuts, letting the people keep more money in their pockets. Frankly, we have got to do more of that. We have got to cut back on Federal spending. We have got to get the Federal Government out of many of the programs that it is involved in and set some priorities.

Our number one priority has to be the defense of this Nation because State governments cannot do that and local governments cannot do that. We have to do that at the Federal level. That is our number one priority.

□ 2015

Then if we have funds to do other things, we must set our priorities based on what are the proper roles of the Federal government. Frankly, those roles are very narrow. We have to get back to a situation where we examine every program that we fund in the Federal government against those priorities and against what is outlined in the Constitution for us to do.

I am really proud again to be a small part of this presentation tonight where my colleagues are going to present the facts about where we stand with the budget and what we need to do to get our fiscal house in order in this country. We have seen socialism fail in Europe and in other countries. We know it doesn't work, and yet there are people in this country who think we can keep spending without regard to ever having to come to account for that spending.

I am happy to tell you tonight you are going to understand some of the things that we are doing that are creating our problems and what we might do in this country to solve this problem of overspending and get ourselves back on track that will lead to economic healthiness, instead of economic sickness in this country.

Mr. HENSARLING. Mr. Speaker, reclaiming my time, again, I thank the gentlelady from North Carolina for her great leadership in this body on trying to bring fiscal sanity to the Federal city and do something that can really make a difference in the lives of her constituents and for all Americans.

Mr. Speaker, again we are talking tonight on the precipice of the great budget vote which occurs here in Congress each and every year. I think it is important that we get a number of facts out before this debate takes place. People are always entitled to their own opinions, but they are not entitled to their own facts.

One of the opinions you will hear from Democrats on the other side of the aisle is that somehow the Republican budget is going to cut taxes. Well, I have looked very carefully at this budget. It doesn't cut taxes. What it does is it preserves the tax relief that has already been given to the American people in previous years. In other words, Mr. Speaker, it prevents a Democrat tax increase.

The American people, very few of them know this, but in Washington

spending is forever and tax relief is temporary. You have got to keep on voting to just keep the tax relief that you have already received. Yet spending goes on forever.

I think it was President Reagan who once said that the closest thing to eternal life on Earth is a Federal program, and indeed he was correct.

So, let's talk a little bit about what would happen if the Democrats succeed in making sure that they have a huge, automatic tax increase. They say that any fiscal woe that we have in the Nation is somehow the result of tax relief that was given out in earlier years.

If they have their way, if they roll back all the tax relief that has occurred, tax rates will rise substantially in each and every bracket on American families, right now when many of them are struggling to fill up the family pickup truck or the family car.

Low-income taxpayers, if the Democrats have their way and raise taxes on the American people, the 10 percent bracket will disappear and the 15 percent bracket will come back. That means our lowest wage earners who pay taxes, our lowest wage earners who pay taxes under the Democrat plan will see a 50 percent increase in their taxes. They call that compassion.

Married taxpayers will see the marriage penalty return, costing American families thousands of dollars. Taxpayers with children will lose 50 percent of their child tax credits if the Democrats have their way, if their budget is passed. The American people, Mr. Speaker, need to read the fine print.

Now, the Democrats will rail against the deficit, but they won't admit that under their budget, all these taxes increase on American families. Taxes on dividends and capital gains will jump by as much as 100 percent. Half of American families are invested in the stock market in their 401(k) plans. It is their retirement, particularly since the Democrats refuse to do anything to save Social Security for the next generation.

The depreciation period for leasehold improvements will increase from 15 to 39 years on small business, the job engine of America. If the Democrats have their way in their budget, taxes will increase on small businesses. And the list goes on and on and on.

Mr. Speaker, at this time, I am very happy to see that we have been joined by truly one of the great leaders in Congress to combat waste and fraud and abuse and duplication and I guess really dumb government. I am very happy to be joined by a dear friend of mine and colleague, the gentleman from Indiana, Mr. CHOCOLA, who happens to be also the coauthor, along with myself and Mr. RYAN of Wisconsin, of the Family Budget Protection Act, which is the most comprehensive piece of budget reform legislation that could be passed by this Congress. I am very happy to be joined by him. I would at this time yield to him to get his perspective.

Mr. CHOCOLA. Mr. Speaker, I want to thank the gentleman from Texas for yielding and thank him for his leadership on budget process reform, spending and many other very important issues. I appreciate you bringing us to the floor tonight to talk about what I think is the most important challenge we face as a Nation, because if we don't solve our fiscal challenges, really nothing else matters.

Since I was elected a few years ago, one of the probably most knowledgeable, honest, straightforward people I have talked to about fiscal issues in Congress is a guy named David Walker. He is the head of the GAO, the Comptroller General of the United States. What I would like to do is just share with you part of an op-ed that he put in an Atlanta newspaper recently. I will share here.

"News flash: The largest, most complex and arguably the most important entity on the face of the Earth recently failed an external audit for the ninth straight year." Let me repeat that, Mr. Speaker. Entity failed an audit for 9 straight years in a row. "It also received an adverse opinion on its system of internal control over financial management and reporting.

"If that is not bad enough, this entity overspent by \$319 billion on a cash basis," that is billion dollars, on a cash basis, and on an accrual basis, it was \$760 billion in fiscal 2005. "Worse yet, the accumulated liabilities and unfunded commitments for this entity have risen from about 20 trillion," that is with a T, "at the end of fiscal year 2000 to more than 46 trillion," with a T, "at the end of fiscal year 2005.

"If this news flash were related to any multinational corporation, it would have been on the front page of every newspaper in the world and at the top of every news broadcast in the world. However, this news flash doesn't relate to a company, it relates to a country, the United States of America.

"As Washington embarks on its budget cycle, the facts are clear and compelling that the Federal government is on an imprudent and unsustainable fiscal path that, if not effectively addressed, could serve to swamp our ship of state. Our current course doesn't just threaten our future economy and quality of life, but also our long-term national security."

Mr. Speaker, I think we could talk about a lot of things tonight. We could talk about immigration. We could talk about just about anything, and it really doesn't matter as much as what I just read from David Walker. Because, by 2040, we will spend on entitlement spending, including Social Security and Medicare and interest, more than we have in revenue coming in. So that means by 2040, not that long from now, we will not have any money for education, we will not have any money for defense, we will not have any money for agriculture, we will not have any money for anything.

I think it is important. To solve a problem, we have to define a problem.

Unfortunately, the American people and many Members of Congress don't appreciate the situation we are in fully.

So I have introduced a piece of legislation. I think it has been cosponsored by the gentleman from Texas. It is called the Truth in Accounting Act. All that that does is require the Federal government to share with the American people and all Members of Congress fully the extent of our unfunded liabilities.

Today, our unfunded liabilities stand at \$46 trillion. Just a few years ago, in 2000, they were at \$20 trillion. So just over 5 years they have more than doubled.

When I go around my district and talk about fiscal issues and people say how big is the national debt, I say \$3.3 trillion. People are appalled. But to put this in perspective, we could fully pay off our national debt today and we wouldn't even come close to meeting our financial obligations. The \$46 trillion is money we know we owe. If the United States Government was a public company, it would have to disclose those unfunded liabilities.

I am the only Member of Congress that I am aware of that ever served as CEO of a publicly traded company. Because of that, I understand that if any public company in America accounted for its business the way the Federal government accounts for its business, the management team would be in jail.

Public companies are required to account a certain way to result in transparency and accountability. I think we should expect no less from the Federal government. So, again, the Truth in Accounting Act simply requires the Federal government in the annual financial reports to disclose the unfunded liabilities that this Nation faces.

Why I think it is so important is because the better understanding there is of our financial challenges, the better policy we can enact. Because until we can define the problem, we won't have serious efforts to solve the problem, and I think it is so critical that we don't pass along a debt to our children that they simply can't afford.

The analogy I use is Congress is kind of like the Levee Commission. If recent history has taught us anything, when a storm is coming, you must strengthen the levee. We know that the storm is coming. In fact, it is a Category 5 hurricane. By publishing our unfunded liabilities clearly and accurately, I think that we will see that the sirens will go off, that the American people will demand that we address this responsibly, and they will not reelect Members to this body that don't stand up and do the right thing and not pass it along to future generations or future Congresses.

I appreciate the gentleman bringing us down here tonight. I appreciate his leadership on these issues. Certainly as responsible Members of this body, we must address this sooner, rather than later.

Mr. HENSARLING. Mr. Speaker, reclaiming my time, I thank the gentleman for his leadership. Anything called "truth in accounting" is going to be a very foreign topic in this body.

Mr. Speaker, this is precisely what we need. The analogy or the metaphor that the gentleman from Indiana used is truly an apt one. As great as the tragedy that Hurricane Katrina was, think how much greater a tragedy that would have been had we not seen the hurricane coming, had it been like that tsunami that hit in Asia, where people didn't see it coming, and tens of thousands perished.

We see this coming. But our challenge, Mr. Speaker, it is not coming tomorrow, it is not coming next week, but it is coming, and we have an opportunity to do something about it.

Let me tell you, Mr. Speaker, going on the thing that the gentleman from Indiana spoke about, what does the future look like if we choose to do business as usual, if we choose to follow the Democrat's lead and just keep on spending and spending and taxing and taxing and taxing and spending?

Let me tell you. Former chairman Alan Greenspan said, "We are very short on time and we will have a very great difficulty in fully funding the existing system." He was referring to Social Security.

The liberal Brookings Institute, no bastion of conservative thought, has recently written, "Expected growth in these programs," referring to Social Security, Medicare and Medicaid, "along with projected increases in interest on the debt and defense, will absorb all of the government's currently projected revenue within 8 years, leaving nothing for any other program."

Like the gentleman from Indiana said, if we don't do anything, in a matter of time the Federal government will consist of Medicare, Medicaid, Social Security and nothing else. There will be no Border Patrol. There will be no student loans. There will be no veterans health care system. There will be no agricultural research. There will be no Federal Trade Commission. And the list goes on and on.

The same report said, "The authors of this book believe that the Nation's fiscal situation is out of control and could do serious damage to the economy in coming decades."

The General Accountability Office has said there is no way you are going to grow your way out of this problem, even though we have had very robust economic growth since we passed President Bush's economic growth plan. If we don't change our path, there will be an adverse effect on economic growth, quality of life and national security.

This is in the same report from the General Accountability Office, Comptroller General David Walker: "We are heading to a future where we will have to double Federal taxes or cut Federal spending in half."

□ 2030

Now Yogi Berra once said, if you find a fork in the road, take it. Mr. Speak-

er, we do not want to take this fork in the road. We want to back up and we want to get on the right road. Again, that is why this budget debate is so important in this budget vote.

Now, again, there will be different alternative budgets debated. But it is going to come down to one Democratic budget and one Republican budget. And the Democratic budget, again their answer is more spending and more taxing, taking more money away from families.

Every time you vote to increase a Federal program, you are taking money away from some family program. Now, let us talk a little bit about some more truths that need to come out. Well, number one, again, the Democrats will say that we have a huge deficit, and that is perhaps the only item we might agree with them on.

Yes, the deficit is too large. But the deficit is too large because we are spending too much, not because the American people are undertaxed. They will say that all of the President's tax relief from previous years has somehow contributed to this incredible national debt that the gentleman from Indiana referred to.

Well, Mr. Speaker, I hold in my hand the Treasury report of the latest tax revenues. And guess what it says? It says that as we have decreased the marginal tax rates, we actually have more tax revenue. It says it right here.

Last year, corporate income taxes were up almost 45 percent. Individual income taxes were up almost 15 percent. Again, we have lowered tax rates, and we get more tax revenue. And as we can see from this chart, Mr. Speaker, we saw declining revenue from the Federal Government, as we were in a recession back in 2002 and 2003.

And yet this body, this Republican leadership, cut tax rates for small businesses, for American families, and they work, and they save and they invest and they build. And guess what? Not only do we create more jobs and more hope and more opportunity; we have more tax revenue. More tax revenue.

We had a 5 percent increase in tax revenue from 2003 to 2004. We had a 15 percent increase in revenue from 2004 to 2005. And now at the beginning of 2006, tax revenue is up 6 percent. Again, we cut tax rates, and we have more tax revenue, and the American people need to be aware of this.

If you take away the tax relief, if the Democrats have their way and get their huge automatic tax increases on the American people, you are going to lose this extra tax revenue. And not only that, you are going to lose everything that the tax relief has brought.

Now, with the glaring exception of terribly high gasoline prices, which are clearly hurting all American families, I know they are struggling, they are struggling. Think how much more they would struggle, though, if they did not have jobs.

Under tax relief, we have 5 million new jobs that have been created in this

economy in just the last couple of years. Five million new jobless. We have had 30 consecutive months of uninterrupted job growth, and we have actually got unemployment down. The unemployment rate today is lower than the average of the 1970s, of the 1980s, and of the 1990s. And yet Democrats want to have a huge automatic tax increase and take this away.

Right now more Americans than ever own their own home. We have the highest rate of homeownership in the entire history of the United States of America. Household net wealth has now reached \$51 trillion, which is an all-time high.

Average hourly earnings grew, and pay rose by 3½ percent. Inflation continues to be low. Now, again, there is clear work that has to be done on the price of gasoline, and that is a grey lining in what otherwise would be a big silver cloud.

Now, some people might say, well, how do you give tax relief and create jobs? Well, it was not that long ago, Mr. Speaker, that I visited a small business in Jacksonville, Texas, in my district, in the 5th District of Texas.

Now, Jacksonville Industries is a business that is in the aluminum die cast business. And they employed 20 workers when I went to visit them. Now, before the President brought his economic growth program to Congress to pass, they were on the verge of having to lay off two workers because of competitive pressures.

But because of the tax relief measures, they went out and they bought a new piece of equipment. Now, I could not tell you what it is called. I do not precisely know what its mechanical function is, but I can tell you what the result is. The result is they bought this new piece of equipment, and it made them more competitive. It made them more efficient.

And, Mr. Speaker, guess what? Instead of laying off two people, they went out and hired three new people. They hired Roger, and they hired Jess, and they hired Victor, three people who could have been on unemployment. They could have been on welfare. They could have been on food stamps. And they could have been on Medicaid.

But thanks to tax relief that the Democrats want to take away with their huge tax increase, this one small business in Jacksonville, Texas, had five people now who put roofs over their head, who put food on the table, who are building a better future for their families. That is just one small business in one small town in Texas. And that is happening all over the economy.

Mr. Speaker, let me at this time yield back to my colleague from Indiana who knows a lot about job creation himself.

Mr. CHOCOLA. Mr. Speaker, I thank the gentleman for yielding again. And, you know, the story you just told I think can be told millions of times around the United States. Certainly

small businesses are the backbone of our economy. Something like, you know, well over half of the employees in this country work for small businesses, and something like 90 percent of the employers are small businesses in this country.

We were home a couple of weeks ago. I have a small business advisory council, and one of the members of that council was talking about the 179 expensing that you were referring to, that allows small businesses to go out and buy capital goods, and they can expense it so they can invest in their business, grow their business, create jobs, provide benefits, contribute to the local economy and the national economy all at the same time, which is kind of a neat thing.

The good news is that there is a bill that is offered by Mr. HERGER, a member of Ways and Means, that would expand 179 expensing and make it permanent, which I think is good pro-growth tax policy.

I also heard a quick story that I got from my small business advisory council. A small businessman that has a business in LaPorte, Indiana, used to have to go borrow money to pay for his taxes, which is kind of crazy.

Because then he would restrict his flow of capital, was limited in being able to make the investments in his company, because he had to go out and borrow money to pay his taxes. But once we passed, in 2003, the 179 small business expensing provision, he did not have to do that any more. And he has been able to invest that money in his business and grow his business.

Just going back to the tax chart you had up a second ago, you know, it is kind of funny that opponents of tax relief, mainly our friends on the other side of the aisle, say we cannot afford to have tax relief. But your chart shows clearly, and the statistics that you talked about, tax receipts up 15 percent in 2005, the deficit is actually down in 2005 by about \$100 billion, I think clearly shows that we cannot afford not to have tax relief to continue to have our economy grow.

Now, we can cite economic statistics all night long, and they are true, and they are relevant and they matter. But they probably do not matter to the guy without a job. But what does help the guy without a job is a growing economy, because when the economy grows, everybody has more opportunity; and what is important to do is to focus on the pro-growth policy that has resulted in those economic statistics.

And the pro-growth policies that have resulted in those economic statistics, I would say in large part, is the tax relief that was passed in 2001 and 2003, just like the section 179 expensing.

Now, when we talk about the deficit, there are only two ways to get a deficit. One is we tax too little. The other is we spend too much. And I do not know about the rest of the congressional districts around this country, I

do not think they are a whole lot different than the Second District of Indiana. The people in the Second District of Indiana do not feel like they are taxed too little. They think we probably spend too much.

And so we have to move from using our measurement of success, how much we spend, to how well we spend. We spend enough here in Washington. We do not prioritize enough.

And just going back for a second to the Truth in Accounting Bill, we see that our spending is getting more challenging as we go forward. Just recently, yesterday I think, there was a report issued that showed that the Social Security trust fund will be exhausted by 2040. That is 1 year earlier than was projected last year, and Medicare by 2018. And I think last year it was projected by 2020.

So every day we wait to start using the measurement of success, how well we spend, rather than how much we spend, the situation gets worse. And, again, the best way that we can solve problems is to define problems and making sure that the Federal Government shares a clear picture of our financial challenges with the American people. I think that will result in the American people demanding that their elected representatives quit playing the politics of no, quit saying what they are against and start saying what they are for.

We are not elected to be against stuff. We are elected to be for bipartisan practical solutions, and the Truth in Accounting Bill is a bipartisan bill. It is co-authored by JIM COOPER of Tennessee, a conservative Democrat, and MARK KIRK from Illinois, a moderate Republican.

I consider myself a conservative Republican. We may not agree on all of the answers, but we certainly agree on the problem. And we have to get to a bipartisan solution, and I certainly hope the American people send people to this body that will not avoid this problem and be part of the ostrich generation.

Mr. Speaker, I yield back to the gentleman from Texas.

Mr. HENSARLING. Mr. Speaker, I thank the gentleman. I want to once again point out one of our earlier charts to show just what has happened to the family budget, which is this lower blue line. Median family income in America in the last decade has gone from roughly \$45,000 to \$62,000.

Well, what has happened to the Federal budget in this same time period? This red line. About \$1.6 trillion to \$2.5 trillion. Again, the Federal budget is outpacing the family budget.

Mr. Speaker, only families can pay for the Federal budget. There is no magical machine that creates wealth in Washington, D.C. It comes from hardworking families from Indiana, from Texas, and from all across America.

And the gentleman, the colleague I have from Indiana, brought up a very

good point. It is not how much money you spend in Washington that counts; it is how you spend the money.

Now, what we will again hear this week as we vote on the budget, and we have this annual budget vote and budget debate, we will be told that as a Nation we are not spending enough on education, we are not spending enough on housing, we are not spending enough on nutrition.

Well, Mr. Speaker, that may be right. But the fundamental difference between the Republican budget and the Democrat budget is the Democrats want the Federal Government to do the spending. The Republicans want families to do the spending. And we know the difference.

Now, the Democrats will say that the Republicans are cutting the budget. Well, I have yet to see any single budget submitted that actually cuts Federal spending. Frankly, we can probably use one.

What we do, though, is the Republicans will moderate the growth of government, and the Democrats will not. I have looked up "cut" in Webster's Dictionary, and it actually means to reduce. What the Democrats call a cut is that some government program under the Republican budget will grow 3 percent next year and they want it to grow 6. And they call that a cut.

Mr. Speaker, that is simply not the truth. That is not the truth. And they act like there has been an underinvestment in the Federal Government. Well, just in the last 10 years, the international affairs budget has increased 89 percent. The agriculture Federal budget has increased 118 percent.

The Federal transportation budget has increased 83 percent. The Federal education budget 113 percent. Health, including Medicaid, 126 percent. And guess what? During that same time period, median family income only grew by 33 percent.

Again, in just the last 10 years, the growth of the Federal Government is twice that of the family budget. It is just an unsustainable growth rate. And it begs the question again, what kind of America do you want?

Mr. Speaker, we already have 10,000 Federal programs spread across 600 different government agencies. I do not think there is one person in America who can tell you what each and every one of those agencies does and what every single one of the bureaucrats who works there, what they do.

□ 2045

I mean, at some point you have to say how much government is enough, how much government do we want to pay for. The Democrats act like nothing good ever happened in America if it was not funded by the Federal Government. Like, if we did not have a Federal program, there would not be any boy scouts, there would be no soccer games, we would have no physician, no Red Cross, no ice cream. None of this would happen. Anything good that happens in America, according to the

Democrats, can only happen through the Federal Government.

But we have to remember, every increase in a Federal program, again, is a decrease in some family program. What the Republican budget is about is we want a Federal Government that does a few things very, very well and not a Federal Government that tries to do everything but does them quite poorly, and this is what this is about.

Another difference between these two budgets, again as we talked about, is the Democrats wanting to bring forth a huge tax increase upon the American people. They want to take away paychecks and replace them with welfare checks. Mr. Speaker, that is not compassion.

A compassionate society ought to be measured ultimately by the number of paychecks it produces, not the number of welfare checks that are produced, and with that, I yield back to the gentleman from Indiana.

Mr. CHOCOLA. Mr. Speaker, well, the gentleman brings up a great point.

The gentleman asked the question earlier, what kind of country do we want, what kind of America do we want? I think we also have to ask the question, what kind of government do we want?

When we talk about raising taxes, talk about raising revenue, which we have already learned that good pro-growth tax policy at lower rates actually increases Federal revenue, but you ask why would we raise taxes and what do we need to spend money on. I think it is important to recognize that we can actually have better government at a lower cost.

Every business in America and every family in America has to find a way to do more with less, find a way to be more efficient. For some reason, we do not think government can achieve the same standards. For some reason, we think the government does not have waste, fraud, and abuse.

Let me just share a couple of things with you. Recently, the Inspector General found that Social Security sent \$31 million worth of Social Security checks to dead people. That is money that did not go to help anyone.

They found in 2003 that the food stamp program spent \$1.1 billion in overpayments. That is with a B.

In 2001, the GAO reported and said about Medicare, there are no reliable estimates to the extent of improper payments throughout the Medicare program because they cannot audit their books, they cannot even tell the kind of financial controls they have.

In 2002, the Inspector General found that Medicare had \$12.3 billion in overpayments and in 2001 found they had \$12.1 billion. That is \$24.4 billion in Medicare payments that were improper, did not go to help anybody, did not go to help any seniors that needed Medicare, did not go to help any low-income Americans, simply was money wasted. I always ask, what is compassionate about wasting \$24 billion on

mismanagement when the money does not go to help anyone, when there are certainly people in this country that need government help, and why is it compassionate to ignore that, not address it and get better government at lower cost by simply applying the same management tools and techniques that every business in America has to follow?

Certainly, I hope the American people are more demanding upon us to give them a good return on their taxpayer dollar and not stand for \$24.4 billion being wasted in Medicare over a 2-year period of time.

I could go on for a long time. In 2001, HUD had overpayments of 10 percent of their budget alone. It is kind of depressing to keep going down this road. It is time that we find ways to have better government at lower cost, better management, better oversight; and I certainly appreciate, again, the gentleman bringing us here to highlight these issues because the more people understand, the more demanding they will be that we fix things and only elect people that will address these issues, not avoid these issues.

Mr. HENSARLING. Mr. Speaker, I thank the gentleman from Indiana for bringing up that point because too often in this debate that we are having about the budget this week, Democrats act like if we would only take more money away from American families and send it to Washington, that somehow it will magically turn into love and happiness and kindness and all kinds of good things.

Yet, the Federal Government cannot account for \$24 billion that was spent in fiscal year 2003. It has just disappeared into thin air; and yet the Democrats want to raise our taxes to pay for more of this?

The Defense Department wasted \$100 million on unused flight tickets and never bothered to collect the refunds even though the tickets were refundable, and yet Democrats want to raise our taxes to pay for more of this?

The Federal Government spends \$23 billion annually on earmarks, also known as pork projects, such as the grants to the Rock and Roll Hall of Fame, and, hey, I love rock and roll, but I am just not sure our taxes should pay for it, because most of the rock stars I have seen are doing quite well on their own, not to mention, of course, that earmark known as the Bridge to Nowhere, to be complemented now by the Railroad to Nowhere, \$23 billion.

That is another thing, Mr. Speaker, we will take up is earmark reform this week, which is very important that we do, because as our colleague in the other body from Oklahoma, Mr. COBURN, has said, earmarks are the gateway drug to the culture of irresponsibility. Yet, as we spend all this money on pork projects, Democrats want to raise our taxes to pay for more of this.

Again, as was pointed out, the Department of Housing and Urban Devel-

opment in 2001 lost 10 percent of their whole budget. How many families or how many businesses could still operate if they just lost 10 percent of their budget? It goes back to that truism that we are never as careful with other people's money as we are with our own. This is just inexcusable; and yet Democrats want to raise our taxes to pay for more of this.

Let us talk about duplication. We have 342 economic development programs at the Federal level. It begs the question, what does the Federal Government know about economic development? Small business people know. Entrepreneurs know. Families know. I am not sure what the Federal Government knows. We have 130 different programs serving the disabled, 90 early childhood development programs, 75 Federal programs funding international education and cultural exchange activities, and the list goes on and on.

So that could be 342 executive directors and 342 vice executive directors and the list goes on, and yet Democrats want to raise our taxes to pay for more of this.

Washington is spending \$60 billion annually on corporate welfare versus \$43 billion on homeland security. That does not make any sense, and yet Democrats want to raise our taxes to pay for more of this.

So again, Mr. Speaker, if we will just be smart, if we will decide that we need a Federal Government that is focused on a few items and do them very, very well, we can receive a brighter, brighter future for our children because if we do not, this is the future that we are facing. This is what is happening to spending today; and again, as we have used the comparison to a hurricane that is coming in our direction, right now revenues are roughly about 20 percent of our economy, a little bit less, but what is happening is that programs are far outstripping our ability to pay for them.

In just one generation, spending is due to more than double. Here is what is going to happen to revenues, but look at what happens to spending by the year 2040, and most of it is driven by Social Security, Medicare and Medicaid and interest on the national debt.

So, to some extent, it is a little bit like Charles Dickens' "A Christmas Carol." We are all familiar with that story with Scrooge, and we know how fearful the Ghost of Christmas yet to come, how fearful that spirit is.

Well, what is going to happen here in many respects is the ghost of Christmas yet to come. This is the future that our children and grandchildren are facing if we do not start today with a very simple choice between a Democrat budget and a Republican budget. It starts today, Mr. Speaker. We can decide that the Democrats are right that we are not spending enough money, notwithstanding the fact that every Federal program has grown precipitously over the family budget, notwithstanding the fact that we are on

this road to either have no Federal Government except for Medicare, Medicaid and Social Security, or we are going to double taxes on the American people in one generation.

That is their vision of America. Our vision is one of limited government, better government, more effective government, one where our children and grandchildren still have an opportunity to use their God-given talents to roll up their sleeves, to work hard and to create the kind of future that they want for themselves. It is an America that is growing. It is an America that has more freedom, and this is what we see, and that is why these budgets are so different.

But the Democrats, again, want to keep this spending going. They want to have a tax increase.

Now, they do not like to talk about it. They like to point fingers at the Republicans; but let me tell you, for the last 10 years, every time the Republicans submitted a budget, the Democrat alternative budget spends even more, and they are pointing the finger of fiscal irresponsibility?

Mr. Speaker, I sit on the House Budget Committee, as does my colleague from Indiana, and we just marked up the budget. Every single Democrat amendment to the budget would have spent more money. They say the Republicans were fiscally irresponsible to provide a prescription drug benefit in Medicare, but guess what, Mr. Speaker? Their alternative plan spent even more money than the Republican plan.

It is just inconceivable that they can point the finger of fiscal irresponsibility when all they want to do is lead us to a future where taxes are double and an America where people do not create jobs, where people cannot afford to send their children to college, where people cannot find the capital to start new businesses, oh, but there will be plenty of welfare checks, and they will call that compassion. Compassion is about paychecks.

With that, I would like to yield back to the gentleman from Indiana.

Mr. CHOCOLA. Mr. Speaker, I thank the gentleman for yielding.

Recently, I was having a conversation with a friend of mine that said when you are talking about tax policy, he said, well, maybe it would be a prudent thing to raise taxes. This person was in the financial services industry, and I said, let me ask you a question: you do research on businesses and you do research on a business where every year the company has increasing losses and increasing debt. The company has not passed an audit in 9 years. The management is ineffective at combating waste, fraud and abuse; and the only strategy the management team can come up with to turn the tide is to raise prices on their customers. Do you think that is a business you would invest in? He said, you know, you have got a point; I do not think that that would be a good investment.

So it is interesting when our colleagues on the other side of the aisle

say, well, gee whiz, we have got to raise prices on our customers to pay for our lack of proper management. I do not think that that is respectful to the American people, the American taxpayer, and certainly not a winning strategy.

I think the gentleman from Texas can wrap us up here; and, again, I thank him for bringing this very important subject to the floor tonight.

Mr. HENSARLING. Mr. Speaker, again, I thank the gentleman from Indiana for joining us tonight. I certainly thank him for his courageous leadership in this body.

In these closing minutes we have, Mr. Speaker, what is it that we do about all of this? Well, several things. Number one, we need to reform the budget process that we have today. Now, it is not particularly sexy kind of stuff; but, you know, the machine we have that produces spending in Washington was manufactured back in the 1970s, back when Democrats were in charge in this body, and it is a spending machine. We need to go back and retool that to a savings machine for American families.

Number one, most American families do not realize this, but our budget does not even have the force of law. At best it is a mere suggestion. The legislation sponsored by myself and the gentleman from Indiana (Mr. CHOCOLA) would ensure that our budget, when you tell the American people here's the budget, we will enforce it as a law.

Second of all, we have got to cap the growth. I did not say a cut, but we have got to cap the growth of the Federal budget to roughly that of the family budget. Only then will programs have to compete against each other. Only then will you start to root out the waste, the fraud and the abuse and the duplication. Only then when you say, okay, this is all the money we are taking away from the American family and we will take away no more.

□ 2100

We need sunseting commissions in the Federal Government. Again, as President Reagan once said, the closest thing to eternal life on Earth is a Federal program. Many have long since outlived their usefulness.

I just tripped across this one the other day. We are still funding Radio Free Europe; and, to the best of my knowledge, the Berlin Wall fell back in 1989. We need to eliminate this thing called baseline budgeting which allows people to artificially inflate budgets. It is the kind of stuff that would make an Enron and WorldCom accountant blush, yet here people get away with it in Washington, D.C.

Mr. Speaker, it is time that we just balance the budget. It is time to balance the budget, and we need to do it without increasing taxes on the American people.

Mr. Speaker, certain principles transcend time. One of those principles is balancing the budget. Another principle is limited government. You can-

not have unlimited government and unlimited freedom. If you want unlimited government, Mr. Speaker, people ought to support the Democrat budget. If they want more welfare, if their greatest hope and aspiration is a Federal check, then people should support that budget. But if people want more freedom and if they want more opportunity and their aspiration is a paycheck with a great career where people can use their God-given talents and be everything that they can be, then they need to support this Republican budget, and we can have a brighter future for my children and for all the children in America for generations to come in this great and blessed land.

#### BLUE DOG COALITION

The SPEAKER pro tempore (Mr. SCHWARZ). Under the Speaker's announced policy of January 4, 2005, the gentleman from Florida (Mr. BOYD) is recognized for 60 minutes as the designee of the minority leader.

Mr. BOYD. Mr. Speaker, I come tonight before the country to discuss the state of our Nation and to talk about a few of the things that I think that we can do to improve the state of the Nation. This hour that we will have tonight, there will be some other members of the Blue Dog Coalition that will join me, I am sure.

Mr. Speaker, as you know, the Blue Dog Coalition is a group of 37 men and women from all over the country, Democratic Members that believe that there are certain things that we should do as a government, certain functions that we should perform to make the economic model work well, and we should try to perform those functions well, and we should be willing to pay for it.

I was very interested in the previous speaker and actually agree with what some of the previous speaker said, and I think he wound up by saying that we ought to balance the budget.

The Blue Dogs, Mr. Speaker, could not agree more that that is a very important step, and I think most Members, most folks out in the country would understand the concept or the notion of balancing the budget, whether it is our individual home budgets or whether it is our business budget, whether it is our local governments. Eventually, you have to have revenues meet expenditures, or you do not stay in business too long. Most of us understand that. Except in the Federal Government, we have a difficult time understanding it sometimes, and I think we have not done very well on that front in the last 6 years certainly.

I was also interested in some of the comments made by the previous speaker. You would have thought that the Democrats were in control of the Congress of the United States. I would remind the Speaker that the White House, the House and the Senate are all controlled by the Republican party. When it comes to doing budgets and