

Ms. KAPTUR. I think that if we look at those people that are trying to sell off chunks of America piece by piece, I am offended by that. I am truly offended by it.

When I heard the announcement that Hershey, one of America's logo companies, right, was going to move production to Mexico, they are already making those big kisses there, I guess. I did not know that. When you think of all the dairy jobs in Pennsylvania, you think of all of the factory jobs, you think of all of the distribution jobs. I mean, this is a massive American company. It was America. It was America. And so now we are going to let that go? And then they dumbed down the recipe so the chocolate is not as good? They put more wax in it or whatever. Come on.

Do not take the American people for fools. We understand what is going on, and we know that we are being sold out. America is being sold out from under us, and the American people do not like it at all. They expect us to stand up for them.

So it is just a joy to have you here, to be a part of this effort, and to say that the Peru and Colombian free trade agreement that is supposed to come through here on fast track, again, it is more just of NAFTA. It is more of the same. We should not approve it.

But what has surprised me the most, as much as the American people have been hurt by NAFTA, if we go back, what has shocked me, what I never expected or anticipated, was all the casualties across the continent in terms of job loss and people hurt. I never thought I would see the people of Latin America rise up in Mexico, in Brazil, in these massive demonstrations. That has literally humbled me as a citizen of the continent to think that the poorest among us, many have been risking their lives, to say the pain on them is even greater than on us. Their wages have been cut in half. They are losing their little stakeholds in Mexico, for example, and they are just being thrown off their land, and yet they are going to Mexico City and demonstrating by the millions.

I never anticipated that that would happen, and I think what is going to happen here, those folks in Wall Street and other places thought they were going to be so smart. I think you are going to see another generation come behind us. They are going to create a charter for the people of the Americas that we should have created. Some of us wanted to, but we did not have the votes here, and I think that the backlash on NAFTA and on these kinds of free trade agreements that cause so much harm, I think Wall Street has only begun to see what is going to happen.

So I put my faith in the people, I put my faith in the institutions of good governance, and I hope that, I do not know how harshly God will judge those who have done so much harm, but it did not have to happen.

□ 2030

We don't have to repeat the mistakes of the past, so I thank my dear colleagues here this evening, Congressman MICHAUD and Congressman HARE and Congressman LYNCH and Congressman ELLISON, for understanding what it is going to take to turn this continent and our values to put the values forward that were the ideals.

When I think about John Kennedy and his Alliance For Progress, and you go down in Latin America and in every home there is a picture of John Kennedy because he cared for them. He cared for them first. I thought how did we go so far? Why couldn't we get a majority here? What was wrong with us back in the 1990s, that is, that we couldn't put that together? I see a rebirth of that spirit of idealism here this evening, and I know that the continent is waiting for us.

I thank my dear colleagues for sponsoring this Special Order this evening and for helping us speak on behalf of the people who expect us to be here for them.

Mr. MICHAUD. Thank you, and I thank Congressman HARE once again for coming to the floor this evening to talk about it. We have a lot to talk about. We have fast track, we have the trade deals we are talking about. We will be talking more about the value-added tax as that comes forward in a couple of weeks, and also the trade balancing act, which I will be resubmitting again in this Congress to look at trade in a comprehensive manner.

I look forward to working with my colleagues on both sides of the aisle. This is an American issue. This is an issue that is important to this country, important to our long-term stability.

2008 FISCAL YEAR BUDGET

The SPEAKER pro tempore. Under the Speaker's announced policy of January 18, 2007, the gentleman from California (Mr. CAMPBELL) is recognized for 60 minutes as the designee of the minority leader.

Mr. CAMPBELL of California. Madam Speaker, tonight, and the next 60 minutes, we are going to talk a little bit about one of the major issues that will be on the floor here in the House of Representatives as people vote later this week, and that will be the budget of the United States Government for the next fiscal year, the fiscal year that begins later this year. It's called the 2008 fiscal year budget.

There will be several budgets offered; but if history is any guide, the one that is most likely to pass is the one that is being offered by the majority party, or the majority Democrats, in this case.

That budget is a travesty. Tonight, we are going to show you why, why that is not the budget that should pass, why that is not the budget that should govern the United States taxpayers' money over the next year. This budget that we will see later this week pro-

posed by the Democrat majority has the largest tax increase in American history. Let me say that again: this budget you will see the Democrats propose this week has the largest tax increase in American history. It has no reform of any of the entitlements.

If we are going to save Medicare, we are going to save Social Security for future generations, as we will explain to you later, they are unsustainable. They have to be reformed. They have no reform whatsoever.

They do not save or preserve the Social Security surplus. You know, people pay Social Security taxes. When they do, they presume that money goes to pay for Social Security. Makes sense. That is why it's called a Social Security tax.

But, no, every year, a portion of that money is used to pay various other priorities of the Federal Government. The budget that the Democrats will propose this year for the next 5 years will not change that one little bit. Yes, this budget, Democrat budget later this week, is full of empty promises except one, to give you the largest tax increase in American history.

Now, let's bore into a few of these things. Let's look into a little bit of this in detail. In order to do that I have a few charts here. I don't want to have anyone have some flashback to Ross Perot, I know he had charts, so I have charts too. I have charts to show you what's happening.

This first one shows there is a misconception there, particularly on the Democratic side of the aisle, in spite of all the statistics, that somehow the deficit that we are in today was caused by the tax relief that was enacted back in 2003, that somehow allowing people at home to keep more of their own money to spend on their priorities, rather than Washington's priorities, that somehow allowing people to do that caused the deficit that we have today. It's absolutely not true.

If you look at this chart, you will see that total Federal revenues declined until 2003, when the tax relief was enacted, and they have risen and are now up somewhere around 46 percent. Since then, the Federal Government has 46 percent more revenue, 46 percent more money than it did in 2003.

I would ask the average American taxpayer at home, do you have 46 percent more money, more revenue, more income than you had in 2003? If you don't, you should understand, the Democrats believe that the 46 percent increase for the Federal Government wasn't enough, and that whatever you got, it was too much. Because they want to take some of what you have and put it right here in Washington, right here in the midst of the Federal Government.

So the tax relief did not cause the deficit, actually caused an increase in revenue. Spending caused the deficit, too much spending, something the budget, the Democrats are proposing the majority party does, is more. Their

proposal over the next 5 years is to spend more and more and more, yet raise your taxes to do it. So they are taking the thing that is reducing the deficit and getting rid of it, and taking the problem that has created the deficit spending and giving you more of it. Let me show you a few more things why these tax reductions actually resulted in more revenue.

They stimulate the economy. When you have more money, what do you do with it? You save it, you invest it. You spend it, you create jobs, you do all kinds of good things with it. That is why after the tax relief was enacted in 2003, we created more jobs, lots more jobs, every single month, not a single month without more jobs created in this country since the tax relief was enacted.

What else did the tax relief do? It also increased gross domestic product. That is basically the size of the total economy. If you look, after 2003, it's not so good, but after 2003, gross domestic product has increased dramatically every single quarter. So many charts, they are falling down. The chart fell down and so did the unemployment rate after the enactment of the tax decreases. Again, here they go. Unemployment up close to 6.5 percent, and where is it now? Down around 4.5 percent.

These things are not coincidences. These good things that happened to the economy did not suddenly hit just when the tax relief went into effect by coincidence. No. The tax relief left billions and billions of dollars in the American public's hands and in the American taxpayers' hands so they could use it for their purposes and help the economy grow. That is what we should be doing more of, not less of.

But the proposed Democratic budget does a lot less of that. Let's talk for a second about how much less. This proposed budget has the greatest increase in taxes in American history.

Now, I could tell average taxpayers, people at home, how much is that? Oh, it's \$392.5 billion a year. What does that mean? They don't know what that means. But let me tell you and bring it home a little better. It means \$3,035 for the average tax return in America per year, per year, folks.

As people sit at home and they watch this, imagine the Democrats' budget is saying to you, \$3,000 per year, you have to pay more here to Washington so they can spend it on more of their priorities.

We often hear, gee, in Washington, the spenders like to say, the tax and spenders like to say, oh, we need to do this, and we have to get the money. Where are we going to find the money if we don't raise taxes?

Well, I would say this, where is the average American going to find that money? Do you think they just will say, \$3,000 a year, oh, that is no problem. That is just about \$250 a month. That is nothing. I have got lots of that. That is no problem, we are happy to do that.

I don't think so. I think that would cause a tremendous impact on the average American family, a tremendous impact on their budget, and not a good one if it would have the reverse of all these effects. It would start to drive unemployment up. It would start to drive job growth down. It would start to drive the economy down. We need to stop this budget that will appear here on the floor this week.

Now, I would like to introduce the gentleman from South Carolina (Mr. BARRETT). Mr. BARRETT, before you begin speaking, I would like to point out to you, because I have these figures broken down by State, that the average South Carolinian under the Democrats' tax proposal would pay \$2,482.66 more tax per year. So you might tell me, Mr. BARRETT of South Carolina, how do you think the average taxpayer in South Carolina is going to pay for that?

Mr. BARRETT of South Carolina. My friend was exactly right. We are talking about the largest tax increase in our history, \$292 billion. My friend from California was exactly right. When you talk about facts and figures, it's one thing. But when you try to bring it home and let people understand exactly what it means to them personally, it's another thing.

Let me just give you some examples. Nationwide, if the Democrat budget were to happen to pass, we are talking about some nationwide impacts. Here we go, a family of four earning \$40,000 will face a tax increase of \$2,052. That is a family of four nationwide and 113 million taxpayers will see their taxes go up by an average \$2,200. Actually, \$2,216, but what the heck, it's government work, let's round it off a little bit. Over 5 million individuals and families who would have seen their income tax liabilities completely eliminated will now have to pay taxes.

So not only people that haven't paid taxes in the past now, another 5 million individuals are going to have to hit the tax rolls; 45 million families with children will face an average tax increase of \$2,864; 15 million elderly individuals, elderly. Now, most of these are on fixed incomes, will pay an average tax increase of \$2,934. And 27 million small business owners will pay an average tax increase, listen to this one now, listen to this one, \$4,712. Let me read that one again, 27 million small business owners will pay an average tax increase of \$4,712. Unbelievable.

Let's bring it home. I am from South Carolina, born and raised there. Let's put it in South Carolina terms. In South Carolina the impact of repealing the Republican tax relief would be felt. Here is how. It's higher than I thought: 1,300,000 taxpayers statewide who are benefiting from the new lower 10 percent bracket would see their taxes go up.

In South Carolina alone, 1.3 million people added to the 10 percent bracket; 447,000 married couples in the State of South Carolina would see higher taxes

because of the increase in the marriage penalty. We are penalizing people to be married; 427,000 families with children would pay more taxes because the child tax credit would expire; and 212,000 investors, including seniors, would pay more because of an increase on tax rates on the capital gains and dividends.

The gentleman from California was there last Wednesday into Thursday morning when we passed it, we voted against it, but the Democrats passed their budget. It's full of empty promises, with the exception of two, more spending and higher taxes. That is a done deal; it's going to happen. The Democrat budget says it's the largest tax increase in American history. The Republican budget will say no tax increases.

□ 2045

The Democrat budget will say, immense new spending. The Republican will say, we will hold the line and we were going to increase accountability.

Entitlements, on the Democratic side, it is a complete failure, \$77 million worth of entitlement savings, \$77 million when we are talking about literally hundreds of billions of dollars in entitlement spending that they are going to do. The Republican budget says reforms, improvements in reforms, trying to make entitlement more sustainable and adding to the longevity of it. So it is plain and simple.

Again, the figure that the gentleman from California, Madam Speaker, quoted a little bit earlier, when you bring it home in South Carolina terms where everybody can understand it, where it hits their pocketbook, we are talking per year average for 5 years if the Democratic budget passes, \$2,482.66 that my people in South Carolina will have to pay more.

And I ask the gentleman from California, I don't think that is a pretty good deal, do you?

Mr. CAMPBELL of California. I thank the gentleman for yielding.

I don't think it is a very good deal at all. What are they going to get for that? I think that is part of the question here. What exactly are they going to get for that?

Are they going to get some of the spending like we just saw passed in the bill last week, you know, maybe some things to help shrimp and peanuts and a few things like that? Is that the sort of stuff they are going to get? Are they going to get a bunch of earmarks? What are they going to get? I don't think they are going to get very much.

I yield back to the gentleman from South Carolina. Do you see much that your South Carolinian constituents will get for their \$2,500 a year?

Mr. BARRETT of South Carolina. I thank the gentleman for yielding; and, no, I don't. Again, broken promises.

One of the ways that the Democrats want to fund all this new spending is reserve funds. And you talk about a

shell game. We are talking about setting up reserve funds so we can spend more money, but there is actually no money in the reserve funds because we are going to put the money in there later on.

Mr. CAMPBELL of California. Will the gentleman yield?

Can you explain that to me again?

Wait a minute. A reserve fund? I mean, a reserve fund to me is something where I put some money aside. You are telling me that they are saying they are setting up a reserve fund, the Democrats are, with zero money it.

I yield back to the gentleman.

Mr. BARRETT of South Carolina. Exactly. And as the gentleman from California knows, we had an empty jar, a big empty jar in our committee to illustrate that view.

One of the ways that the Democrats in their budget spend more money is they set up this empty reserve fund to be funded later, that the committees and the agencies and organizations can draw money out to spend more money, but yet there is no money in the reserve fund to spend. So you talk about a shell game. It is a shell game at its finest.

One of the things that I was proud of several weeks ago, I guess maybe it was 2 weeks ago, I was proud to be part of an RSC, the Republican Study Committee, a press conference that we had to talk about a Taxpayer Bill of Rights.

And, Madam Speaker, what we are talking about here is giving the taxpayers across the country more accountability for their government. Four simple things, things that we have talked about and things that we would like to see come to fruition. Let me tell you what they are.

Taxpayers should have the right to a Federal government that does not grow beyond their ability to pay for it. I don't think we see that in this budget, Madam Speaker.

Taxpayers should have the right to receive back every dollar they entrust to the government for their retirement. It is incredible what we have done and what we are continuing to do, Madam Speaker, in this Democratic budget.

Number three, taxpayers have a right to expect the government to balance the budget without having their taxes raised. As the gentleman from California well knows, the Republican budget that we will present later this week will do that in 5 years. We will balance the budget, save the Social Security fund, and do it all without raising taxes. The Democratic budget does not. It does not. Now they may say one thing, but the figures show something else.

And, last, taxpayers have a right to a simple and fair Tax Code that they understand. Boy, that is a tough one there. But it is a game of trying to be responsible to the taxpayers, as my friend from California knows. It is a game of making sure that our people

keep their money. They know how to spend it more than we do in Washington, D.C., and I trust my people more.

Unfortunately, Madam Speaker, as my friend from California knows, this budget trusts the government more than it trusts the American taxpayer.

With that, I yield back.

Mr. CAMPBELL of California. Will the gentleman yield one more minute?

Let me just ask you one more question, and then we will go on.

The gentleman from South Carolina, so narrow it down. There will be a Republican alternative to the Democratic budget here that everyone on this floor will vote on this week. What are the major differences? I mean, could you lay out for me and for Madam Speaker and for anyone watching what are those differences?

And I yield.

Mr. BARRETT of South Carolina. I thank the gentleman for yielding.

I think it is very simple. Number one, we will balance the budget without raising taxes; and, number two, we will reform entitlements. Because, as you well know, over the next 5 years, Madam Speaker, entitlement spending will grow 19 percent. Now that is without me, without my friend from California, without anybody in this House lifting a single finger. Entitlement spending will grow 19 percent.

So the budget we bring to the floor this week will be very simple. We will slow the growth, not cut. We will slow the growth, because entitlement spending will still continue to grow. We will slow the growth of entitlement spending, and we will balance the budget without raising taxes.

And I yield back.

Mr. CAMPBELL of California. Thank you, Mr. BARRETT from South Carolina.

Now, Madam Speaker, so you don't think that we are just trying to do rhyming people here, we go from Mr. BARRETT of South Carolina to Mr. GARRETT of New Jersey. But before I yield to Mr. GARRETT from New Jersey, you know, I am from California, and California taxpayers, under the Democrats' proposal, would pay \$3,331.09 more per taxpayer in California.

Now, I thought that was a lot. I thought that was a lot. It is one of the higher numbers on the page. But it is not as much as New Jersey. Taxpayers in New Jersey would pay \$3,779.88 more in taxes under the Democrats proposal than they do now. And that is an average, again, per tax return filed per year. Almost \$4,000.

I am glancing here and I think, Mr. GARRETT, there is only one other State that is going to pay, have more of an increase and that is Connecticut than New Jersey. So I am curious, Scott Garrett from New Jersey, what exactly do you think and what will people in New Jersey think and how will they deal with \$4,000 a year more taxes?

I yield to the gentleman.

Mr. GARRETT of New Jersey. I appreciate the gentleman from California yielding.

New Jersey is proud to be number one in a number of things. But, quite honestly, we do not like to be proud, we are not proud of the fact that we are number one when it comes to paying taxes in this country, whether you are talking about local taxes, sales taxes, State income taxes, property taxes. I think we are just about number one in all of those combined.

Yet when you take that and you add what is happening here, this could be one of the most expensive weeks for the citizens of the State of New Jersey if this House proceeds with what the Democrat leadership plans to do.

Now, I have the privilege of serving with you, the gentleman from California, on the Budget Committee. And as you know, we just debated, if you will, the Democrats' budget proposal just last week. Actually, we had a number of hearings over the last 3 months now, during which time we have had a number of experts come and testify on various aspects of the Federal budget and the ramifications of not doing some things in the area of mandatory spending.

When you think about all the rhetoric that we have heard from the other side of the aisle, and maybe it was disquieting at some times, I think the one thing that maybe we can reach across the aisle here and maybe hear one language, one word that we are on the same page on at least, in rhetoric at least, is they agree with us on this one point and that is that we should get to a balanced budget at some point. The distinction, of course, is how they get there and how we get there.

Now, anyone who tuned in to C-SPAN, if people did tune in C-SPAN and listen to those budget hearings that we had, they may realize, or they watch the stuff on the floor, what have you, might realize just how complex the Federal budget is. With talk of rescissions and special orders and earmarks and everything, it is a hugely complex matter that we deal with; and I appreciate your expertise that you come to the House with to be able to handle this.

But, in reality, if you just step back for a minute, what we all do here on the House floor and in Budget Committee isn't a heck of a lot different than what every single American family, my own included, and the residents of the State of California and New Jersey have to do every single year, every week, every month when it comes to their own family budget, and that is to say they have to live within their means.

Now, Washington doesn't have a good track record on this, but that is what families have to do. When it comes to families, I guess families don't really have a choice to say whether we are going to have a balanced budget or not. Washington does. People know how much money they are earning.

Mr. CAMPBELL of California. Will the gentleman yield?

Mr. GARRETT of New Jersey. Absolutely.

Mr. CAMPBELL of California. I was going to say, one thing that you can do here in Washington is print money. The average family can't. If the Democrats were to pass this budget and give them that \$4,000 or \$3,800 tax increase in New Jersey, your citizens in New Jersey can't print money like the Federal Government to just run a deficit, can they?

I yield back to the gentleman.

Mr. GARRETT of New Jersey. No, you are absolutely right on point. The average family has to sit down and say, this is what my income is going to be for the week, the month or the year for the year ahead and say I am going to live within those means. At the same time, what they have to do is they have to set priorities. And I think that what the gentleman was also trying to elicit from the Democrats during this last budget hearing was to set priorities. What are your top-ranking priorities? What must we spend on and where should we spend it? And if there are other things that you don't want to spend on now because you don't have the money, what are they?

They would never agree to do that, if the gentleman recalls. That is why I think they came up with this hollow, empty trust fund which, in reality, they could have said the trust fund is this big, since it is empty, or they could have said it is this large. Because if there is no money in it, there is no limit to how large the empty promises are.

But the family budget can't do that, just like you said.

But the other thing that the Democrats in Washington are able to do, besides print money, that the average family can't do, you know what else the family can't do? They can't raise taxes. A family cannot simply go out and say, I am short on cash this week, so I am going to raise taxes. That is why I started off by saying, as you pointed out, that this is the most expensive week for a family in the Fifth Congressional District for the State of New Jersey.

Let me just give you one other number while I stand here. It was the New York Times, that paper did a study just recently looking at what the Democrats in the House and the Senate are proposing. They looked at it a little bit slightly differently but came up with a little bit different number, but still draws the point.

They looked at an average family of four making \$70,000 in the State of New Jersey. Now, if you are from the State of New Jersey, I don't think anyone from either side of the aisle would say that a family making \$70,000 is rich by any means. It is expensive to live in our State.

But they said that family, who did very well under the Republican tax decreases in 2003 that we passed with the creation of jobs and the like, that family, under the Democrats' budget that may pass this House this week, would see their taxes go up by \$1,500.

So if you think you are rich at \$70,000, which I guess the other side of the aisle thinks New Jerseyans making \$70,000 are able to pay more in taxes, those taxes are going up by \$1,500. I think that is a burden that that average family should not have to bear in light of the property tax.

The overall average is the number that you brought out for the entire State of New Jersey, approximately \$3,000. You may have it in front of you. I don't have it here.

Mr. CAMPBELL of California. Will the gentleman yield? \$3,779.98 for the entire State of New Jersey.

I yield back.

Mr. GARRETT of New Jersey. So around \$3,800 or almost \$4,000. And you think about it. What could that \$4,000 be used for? If you are the family and the husband and wife sitting down with your family, well, I would like to use that \$4,000 to go on vacation this year. I would like to be able to use it on some other niceties or what have you. Or maybe, if they can't use it on that, maybe they have health expenses.

I have a daughter in college right now. Maybe they have college expenses, other things like that. I am sure they could find a use for \$4,000 to spend.

I will yield.

Mr. CAMPBELL of California. I think this discussion we are having right now gets to the core of the difference between what Democrats in Washington, how they look at things and how we Republicans in Washington look at things. They look at it from the sense of, well, if we don't raise these taxes, how is the government going to spend more money on this or spend more money on that, or how are they going to get to take that? Because that is what it amounts to. When you tax everybody else, you come here, the 435 of us, plus the 100 people in the other body, get to spend the money on the stuff they want to spend it on.

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And so how can we spend that money if we don't do this?

You and I, Mr. GARRETT, look at it from the standpoint of families, of taxpayers, of people. What are they not going to be able to do in New Jersey with that almost \$350 a month? I mean, that is a nice car payment. That is substantial child care. That is a chunk of a house payment. It is a lot of different things to a lot of people. And we look at everything from the sense of the family, the taxpayer. They come first and the government comes second. That is not the way the Democrats in this town look at it, is it?

I yield back to the gentleman.

Mr. GARRETT of New Jersey. Mr. Speaker, I appreciate the gentleman's yielding. I remember one of the comments from the other side of the aisle during budget process, I think you shook your head when they said this as well, where they said, Well, if we do a tax cut, the Federal Government is

subsidizing that taxpayer. And we just shook our head at that because a tax cut is not a subsidy to the American taxpayer. A tax cut is simply saying to Mr. and Mrs. Taxpayer and family that you don't have to send quite as much of your hard-earned money each week to Washington. You are able to keep \$3,800 of that money. And maybe you want to use that \$3,800 in New Jersey to go on vacation to a beautiful State like the State of California.

Mr. CAMPBELL of California. Mr. Speaker, reclaiming my time, it is a matter of it is your money. When you earn it, when people earn the money, it is their money. It is not the government's money. It is their money and the government takes some of it for necessary operation to run government. But it is not like it is all the government's money and the government allows you to keep some. That is not the way we look at it.

I yield back to the gentleman.

Mr. GARRETT of New Jersey. I will just close on these thoughts: the difference that we are seeing here between what the Democrats will be proposing in their budget and the Republican alternative budget that should also come before the floor is in three areas, I think. We are both aiming towards the same goal, fortunately, of trying to reach a balanced budget by 2012, 5 years from now. But the Republican budget will reach that goal of 2012 without raising taxes by almost \$400 billion, which is what your chart behind you shows. And that is critical.

So, number one, we will not put a burden of almost \$4,000, \$3,800, on the families in the State of New Jersey, \$1,500 if you are a family of four making \$70,000.

Secondly, by not raising taxes we will not be undermining the pro-growth policies of this administration and of this government over the last 10 years. Those pro-growth policies, for New Jerseyans at least, have created tremendous employment, very low unemployment, so that that family that is making that \$70,000 a year or more or less in New Jersey at least knows that the unemployment rate is almost at historic lows at this point. So they know there is the opportunity for jobs, and because of that, there is great opportunity to improve yourselves in careers and what have you. And because of that pro-growth policy, we have seen the deficit shrink by 26 percent.

And, thirdly, and I think this is very important to everyone at home, is that we are making sure on the Republican proposal that those dollars that we do spend, because we are always going to have some spending by the Federal Government, that those dollars will not be wasted, not waste, fraud, and abuse, but will be spent on those things that are critical to my State, to your State, to national security, to homeland security, and to our veterans as well.

So balance the budget without raising taxes, make sure we continue the

pro-growth tax policies that we have had in the past to create jobs, and make sure that those dollars are wisely spent. They all come under the umbrella of one thing, and you said it: to realize that these dollars come from the family budget. And our focus should be on the family budget and not on the Washington budget all the time.

Mr. CAMPBELL of California. Mr. Speaker, I thank the gentleman from New Jersey (Mr. GARRETT) so much for his comments and his hard work on these efforts and on these proposals to recognize that it is your money first, taxpayers. It is your money first. It is not the government's first that they let you keep some of it. It is your money, and you should keep all of it except for the minimum amount necessary to properly run the government.

Now let us talk about a few more things on these taxes. Some of the rhetoric that people may hear from the majority party here is that this tax relief in 2003, 2001, this just gave tax cuts to the rich. We hear that over and over: "tax cuts to the rich." Well, as Mr. GARRETT pointed out, a \$70,000-a-year family of four in New Jersey is probably not rich, and they would be paying \$1,500 or whatever the amount was that you said.

Let us look at some of this. Now, these are numbers in billions of dollars, Mr. Speaker; so they can't relate to per person. This is the total Democrat proposed tax increase. This orange slice stands for the people who save money because of the 10 percent income tax bracket. Now, the 10 percent income tax bracket is the lowest tax bracket that exists. It is at \$15,000 of income for a married couple. So this amount of this tax is going to people with roughly a taxable income of about \$15,000. That is rich? I don't think so.

Look at this slice right here, this red slice. This is people who get the child tax credit and the marriage penalty credit, these benefits which the Democrats have proposed to raise, to cut in half the child tax credit and to eliminate what was put in place sometime ago so that people don't get a penalty, don't pay more tax if two people both earn income get married. Under the old law, a lot of them pay more tax. Now a lot fewer of them pay more tax. This would get rid of that. Both of these phase out over a certain income level. So all of these are geared only for people at lower income levels.

Let us look at this chunk. This is the death tax, which can affect all kinds of people, whether it is the person who is deceased or whether it is one of the many beneficiaries of someone who is deceased. And we know how the death tax has been destructive for family farms, family businesses, people wanting to pass their home that maybe has been in the family for generations, maybe only for a short period of time, but they want their children to have it, and they can't because the death tax got in the way.

We are scheduled to have the death tax continue to decline. But the Demo-

crat budget has proposed to put it way back into full force and effect with a rate, I believe, of up to 55 percent.

And then look at this chunk, the biggest chunk of all the marginal rates. That means seniors with dividends and capital gains income and people at all other schedules in the different tax brackets within the Tax Code. These tax increases affect everyone, not just the supposed rich.

And let us look at what this would do to certain tax rates: the 35 percent tax rate would go to 39.6. A capital gains tax rate of 15 would go to 20. The estate tax would go from 0 to 55 percent. The child tax credit, from \$1,000 to \$500. And the very lowest tax bracket starting at taxable income, technically, of 0 would go from 10 to 15 percent. So, again, tax increases on everybody all across the board.

We talked a lot about taxes tonight. But as I said when we started this conversation, the reason we have a deficit is not because we lowered taxes. Lowering taxes stimulated the economy, created more revenue for the Federal Government. Mr. Speaker, the reason we have a deficit is because we spend too much. And here is a chart showing how spending drives the long-term problems:

Here is our spending today, roughly 20 percent of the economy; so already the Federal Government is spending about \$1 out of \$5 that exists in the economy. But if we leave things alone, if we allow spending to go forward and grow as it is in law now and if we just left all these things alone, it will go by 2049, you see here, up to nearly double that, nearly 40 percent of the economy. So \$4 out of every \$10 in the economy would be government spending.

Now, what this chart doesn't show is in countries where they have done this sort of thing before. The private part of the economy contracts. It doesn't have money for investment. It doesn't have money for growth. If government takes 3,331 more dollars out of each taxpayer in California, as the Democrats have proposed to do to spend on some of this stuff, they don't have that money to save. They don't have that money to invest. They don't have that money to buy things that help stimulate the economy. The government has it. The government doesn't save it. The government doesn't invest it. The government just spends it. And as we know, in a lot of cases not particularly wisely. So that is what happens if we leave spending alone. That is why we have a deficit.

Even with the Democrats' proposed tax cuts, which is the orange line here, Mr. Speaker, you see it isn't going to work. The spending increases much faster than even after those tax increases.

So I say to the people who have put together the majority budget, what do you plan to do here? Are we ever going to deal with this rapid exponential growth in spending? Or are you planning to raise these taxes further? Is the

\$3,331 per taxpayer in California just the beginning? Are we looking over a 10- or 15-year period of time at twice that? Three times that? Four times that? The sort of thing it would take to get anywhere near this spending level?

Chairman Bernanke is the Chairman of the Federal Reserve. And the Federal Reserve, I think there is pretty general unanimity on both sides of the aisle, as well as with the economists, that the Federal Reserve has done a pretty good job of managing our economy for some time, interest rates and inflation; and they tend to know what could set this economy off course and what could keep it on course. And I think they deserve a lot of credit for keeping the economy on course, not just over the last 3 or 4 years but over the last 15 or 20 years.

But Chairman Bernanke said just earlier this year that "without early and meaningful action to address entitlements, the U.S. economy could be seriously weakened with future generations bearing much of the cost."

What does he mean by that? When he talks about entitlements, he is talking about Social Security, Medicare, Medicaid, things like that that the government does. And he said if we don't deal with it early and meaningfully, if we don't take early and meaningful action to deal with the growth in these retirements, that the economy is in trouble.

Now, the Democrat budget that will be on this floor later this week, let's see, it is a 5-year budget. What reform of entitlements does it include? Oh, yes. Zero. None. Not one change. Nothing in the entitlements over the next 5 years. Is that early reform? I don't think so. Is that meaningful reform? Well, if zero is meaningful, then maybe; but I don't think it is meaningful reform.

So let us look at what happens if we don't reform. Again, here is revenue, this black line. That is income coming into the Federal Government, roughly the same tax rates that we have today. But look at what happens to spending. It goes from a little more than we are taking in right now to nearly double. Nearly double if we don't reform. That is why Chairman Bernanke said, Mr. Speaker, that we need early and meaningful reform or this economy is in trouble, as he said, with future generations bearing much of the cost.

Mr. Speaker, we have a lot of discussion about children around here and what is good for children and how we are going to help children. Let me tell you something I know is not good for children, and that is sending them this kind of price tag for us, for our Medicare, our Social Security, our Medicaid over the next 15, 20 years, and asking them to pay double, at least, the tax rates, the tax burden, that we pay because we didn't act.

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We know this is coming. This is not a Republican chart. This is not a Democratic chart. This is prepared by

the Congressional Budget Office, the Office of Management and Budget. Any number of nonpartisan government agencies agree. All the experts agree. On the Budget Committee that Mr. GARRETT and Mr. BARRETT and I sit on, every single expert who came in said that this entitlement spending, this planned growth in spending, is a disaster, a budget disaster, that we can see. It is a train coming down the track right into our eyes. But we are not blinded. It is not like we can't see it, Mr. Speaker. It is right here. We can see it. It is right here on this chart. We know it is coming, and we know the only way to deal with it is to reform these things.

So where are they? Where are those reforms? What will people do if that top tax rate rises?

Let me pull out one of these other charts. Just think about it. Doubling taxes. I realize it is quite a few years off, but if we don't deal with it now, we will get there. What does that mean? I guess that means the 39 percent rate would go almost 80 percent. That capital gains would have to go to 40. The estate tax, I guess you just take it all, which has happened in some countries before. The child tax credit, you probably get rid of it. And the lowest tax bracket would probably need to go up to 20 or 25 percent.

Those obviously aren't exact figures or anything like that, Mr. Speaker, but just to give a sense of what we are talking about here if we don't do something, if we don't change these processes and change this. Because if you look at this chart again, the reason we can see the train coming is, if we do nothing, absolutely nothing, to change Social Security, that is this one, Medicare and Medicaid is this one, interest on the debt is that one. If we did nothing to change existing law, it is not like you have to do more, that we have to take action to spend this money. This is the money that will get spent if we do nothing, if we leave it alone under existing law. That is why we have to take action, and it is for the kids.

Our kids can't bear this burden. People have said that if we allow this to happen that my children will be the first generation of Americans to have a lower standing of living than their parents. We have never had that happen in this country, and we should never let it happen in this country. The only way it is going to happen is if we shirk our responsibility today, because, gosh, it is 15 years off, let's deal with it later.

This isn't about destroying Social Security. This is about saving Social Security. Because you really can't pay for this. There isn't enough money in the economy. So we have to reform it. We have to change the way it works to save it.

That is why Republican budgets will say we should save the Social Security system. We shouldn't spend it. That is why it is part of the American Taxpayers' Bill of Rights, which a group of

us Republicans introduced a few weeks ago, where we said if you pay money for your retirement it should only be spent on your retirement. It shouldn't be spent on something else.

This isn't about destroying Medicare or wrecking Medicare, as you will probably hear demagoguery on the other side. It is about saving it. It won't continue this way. There isn't enough money. We have to save it, and to save it we must reform it.

You will see proposals, you will see reform, but not in the Democratic budget that we see today. And that is what is so disappointing, Mr. Speaker. We can't ignore it. We shouldn't ignore it. It is right there. It is right before us.

Our children will look back at this time in the future as to what we did with their inheritance. And I don't mean about the death tax necessarily. I mean the inheritance of optimism that is so much a part of the American ethos, the optimism that the average American can always do better, that anyone can lift themselves up, that they can move things forward.

Instead, this is saying, no, we have to take more of your money. We have to move things backwards. You may not be able to have the same things that your parents had because we need more of your money for a failed and inefficient system.

That is not the America my parents left me, it is not the America that I want to leave my children, but it is the America that this Democratic budget is heading us towards.

Mr. Speaker, we do not need the largest tax increase in American history. We need to let people keep more of their money, not less. Families will not struggle because government doesn't spend enough. Families will struggle when government spends too much and takes too much of their money.

Mr. Speaker, we need a solvent Social Security system, a solvent retirement system, not one that takes the money that that is taken out of people's paycheck for their retirement and spends it on other things and not one that is unsustainable, that won't exist 20 or 30 years from now.

Mr. Speaker, we need a Medicare system, a healthcare system, where people control their own healthcare, where people control their own destiny, not where the government is telling them what to do and telling them how to do it and using one of the most inefficient methods and high cost to do so. We have to reform that, or it won't exist in the future.

Yes, this Democratic budget is full of empty promises. You will hear about them over the next few days and weeks. You will hear that they promise to spend more money on this and spend more money on that and spend more money on the other thing, and in some cases they are definitely planning to do that. What they are not telling you is where they are getting it, and they are getting it right out of your pocket.

In some cases, they are going to say we are going to spend more money on this and spend more money on that and grow this program and grow that program; and, as Mr. BARRETT from South Carolina said earlier, they don't actually have the money in the budget to do it. They are just telling you, oh, yeah, we are going to do it. But we will find the money later.

Well, you can be sure where they are going to get that money, probably the place they get the other money, right out of the American taxpayer. It is the only place to go, unless you cut spending somewhere else, which we are very happy to talk about, very willing to do. That is always something you do in budgets, you set those priorities.

Yes, it is a budget filled with empty promises, except one, the largest tax increase in American history.

Mr. Speaker, American taxpayers deserve better, and I hope that we will defeat this budget later this week.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. ALTMIRE). All Members are reminded to address their comments to the Chair.

30—SOMETHING WORKING GROUP

The SPEAKER pro tempore. Under the Speaker's announced policy of January 18, 2007, the gentleman from Connecticut (Mr. MURPHY) is recognized for 60 minutes.

Mr. MURPHY of Connecticut. Mr. Speaker, it is good to see you in the Chair this evening.

This has been a pretty amazing first 3 months for a new Member such as myself, who just joined this Chamber after having watched it from afar for a number of years. As our majority leader said at an engagement earlier tonight, this has really been one of the most remarkably productive Congresses in as long as he can remember being here. That is important. That is important to me.

Mr. Speaker, we are going to be joined later tonight by Ms. WASSERMAN SCHULTZ, who is just beginning her second term. I think she shares a lot of the same frustration that the new Members do, that for all of the important policy changes that this Congress has started, whether you want to talk about raising the minimum wage, starting to repeal some of these massive tax breaks we have given to the oil industry, the very important action that we took on Friday that we will talk about in terms of Iraq and the new direction that this Democratic Congress is beginning to set on what we do in Iraq, maybe the most important thing was that we started getting this place to work again and starting to give our constituents out there faith that Congress is back to work for the people of this country. Instead of sort of waiting for the special interests and