

another \$17.2 trillion. The total? If you wanted to cover the unfunded liability of all three programs today, you would be stuck with an \$85.6 trillion bill. That is more than six times as large as the bill for Social Security. It is more than six times the annual output of the entire U.S. economy.

Why is the Medicare figure so large? There is a mix of reasons, really. In part, it is due to the same birthrate and life-expectancy issues that affect Social Security. In part, it is due to ever-costlier advances in medical technology and the willingness of Medicare to pay for them. And in part, it is due to expanded benefits—the new drug benefit program's unfunded liability is by itself one-third greater than all of Social Security's.

Add together the unfunded liabilities from Medicare and Social Security, and it comes to \$99.2 trillion over the infinite horizon. Traditional Medicare composes about 69 percent, the new drug benefit roughly 17 percent and Social Security the remaining 14 percent.

I want to remind you that I am only talking about the unfunded portions of Social Security and Medicare. It is what the current payment scheme of Social Security payroll taxes, Medicare payroll taxes, membership fees for Medicare B, copays, deductibles and all other revenue currently channeled to our entitlement system will not cover under current rules. These existing revenue streams must remain in place in perpetuity to handle the "funded" entitlement liabilities. Reduce or eliminate this income and the unfunded liability grows. Increase benefits and the liability grows as well.

Let's say you and I and Bruce Ericson and every U.S. citizen who is alive today decided to fully address this unfunded liability through lump-sum payments from our own pocketbooks, so that all of us and all future generations could be secure in the knowledge that we and they would receive promised benefits in perpetuity. How much would we have to pay if we split the tab? Again, the math is painful. With a total population of 304 million, from infants to the elderly, the per-person payment to the federal treasury would come to \$330,000. This comes to \$1.3 million per family of four—over 25 times the average household's income.

Clearly, once-and-for-all contributions would be an unbearable burden. Alternatively, we could address the entitlement shortfall through policy changes that would affect ourselves and future generations. For example, a permanent 68 percent increase in federal income tax revenue—from individual and corporate taxpayers—would suffice to fully fund our entitlement programs. Or we could instead divert 68 percent of current income-tax revenues from their intended uses to the entitlement system, which would accomplish the same thing.

Suppose we decided to tackle the issue solely on the spending side. It turns out that total discretionary spending in the federal budget, if maintained at its current share of GDP in perpetuity, is 3 percent larger than the entitlement shortfall. So all we would have to do to fully fund our Nation's entitlement programs would be to cut discretionary spending by 97 percent. But hold on. That discretionary spending includes defense and national security, education, the environment and many other areas, not just those controversial earmarks that make the evening news. All of them would have to be cut—almost eliminated, really—to tackle this problem through discretionary spending.

I hope that gives you some idea of just how large the problem is. And just to drive an important point home, these spending cuts or tax increases would need to be made immediately and maintained in perpetuity to solve the entitlement deficit problem. Dis-

cretionary spending would have to be reduced by 97 percent not only for our generation, but for our children and their children and every generation of children to come. And similarly on the taxation side, income tax revenue would have to rise 68 percent and remain that high forever. Remember, though, I said tax revenue, not tax rates. Who knows how much individual and corporate tax rates would have to change to increase revenue by 68 percent?

If these possible solutions to the unfunded-liability problem seem draconian, it's because they are draconian. But they do serve to give you a sense of the severity of the problem. To be sure, there are ways to lessen the reliance on any single policy and the burden borne by any particular set of citizens. Most proposals to address long-term entitlement debt, for example, rely on a combination of tax increases, benefit reductions and eligibility changes to find the trillions necessary to safeguard the system over the long term.

No combination of tax hikes and spending cuts, though, will change the total burden borne by current and future generations. For the existing unfunded liabilities to be covered in the end, someone must pay \$99.2 trillion more or receive \$99.2 trillion less than they have been currently promised. This is a cold, hard fact. The decision we must make is whether to shoulder a substantial portion of that burden today or compel future generations to bear its full weight.

Now that you are all thoroughly depressed, let me come back to monetary policy and the Fed.

It is only natural to cast about for a solution—any solution—to avoid the fiscal pain we know is necessary because we succumbed to complacency and put off dealing with this looming fiscal disaster. Throughout history, many nations, when confronted by sizable debts they were unable or unwilling to repay, have seized upon an apparently painless solution to this dilemma: monetization. Just have the monetary authority run cash off the printing presses until the debt is repaid, the story goes, then promise to be responsible from that point on and hope your sins will be forgiven by God and Milton Friedman and everyone else.

We know from centuries of evidence in countless economies, from ancient Rome to today's Zimbabwe, that running the printing press to pay off today's bills leads to much worse problems later on. The inflation that results from the flood of money into the economy turns out to be far worse than the fiscal pain those countries hoped to avoid.

Earlier I mentioned the Fed's dual mandate to manage growth and inflation. In the long run, growth cannot be sustained if markets are undermined by inflation. Stable prices go hand in hand with achieving sustainable economic growth. I have said many, many times that inflation is a sinister beast that, if uncaged, devours savings, erodes consumers' purchasing power, decimates returns on capital, undermines the reliability of financial accounting, distracts the attention of corporate management, undercuts employment growth and real wages, and debases the currency.

Purging rampant inflation and a debased currency requires administering a harsh medicine. We have been there, and we know the cure that was wrought by the FOMC under Paul Volcker. Even the perception that the Fed is pursuing a cheap-money strategy to accommodate fiscal burdens, should it take root, is a paramount risk to the long-term welfare of the U.S. economy. The Federal Reserve will never let this happen. It is not an option. Ever. Period.

The way we resolve these liabilities—and resolve them we must—will affect our own

well-being as well as the prospects of future generations and the global economy. Failing to face up to our responsibility will produce the mother of all financial storms. The warning signals have been flashing for years, but we find it easier to ignore them than to take action. Will we take the painful fiscal steps necessary to prevent the storm by reducing and eventually eliminating our fiscal imbalances? That depends on you.

I mean "you" literally. This situation is of your own creation. When you berate your representatives or senators or presidents for the mess we are in, you are really berating yourself. You elect them. You are the ones who let them get away with burdening your children and grandchildren rather than yourselves with the bill for your entitlement programs.

This issue transcends political affiliation. When George Shultz, one of San Francisco's greatest Republican public servants, was director of President Nixon's Office of Management and Budget, he became worried about the amount of money Congress was proposing to spend. After some nights of tossing and turning, he called legendary staffer Sam Cohen into his office. Cohen had a long memory of budget matters and knew every zig and zag of budget history. "Sam," Shultz asked, "tell me something just between you and me. Is there any difference between Republicans and Democrats when it comes to spending money?" Cohen looked at him, furrowed his brow and, after thinking about it, replied, "Mr. Shultz, there is only one difference: Democrats enjoy it more."

Yet no one, Democrat or Republican, enjoys placing our children and grandchildren and their children and grandchildren in harm's way. No one wants to see the frightful storm of unfunded long-term liabilities destroy our economy or threaten the independence and authority of our central bank or tear our currency asunder.

Of late, we have heard many complaints about the weakness of the dollar against the euro and other currencies. It was recently argued in the op-ed pages of the Financial Times that one reason for the demise of the British pound was the need to liquidate England's international reserves to pay off the costs of the Great Wars. In the end, the pound, it was essentially argued, was sunk by the kaiser's army and Hitler's bombs. Right now, we—you and I—are launching fiscal bombs against ourselves. You have it in your power as the electors of our fiscal authorities to prevent this destruction. Please do so.

CONDEMNING HAMAS ATTACKS

HON. DENNIS A. CARDOZA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 6, 2009

Mr. CARDOZA. Madam Speaker, I rise today to strongly condemn attacks against Israel in recent weeks. I deeply regret the loss of innocent civilian life in Israel and Gaza and urge Hamas, for the sake of its own people and those in the region, to immediately cease the attacks and agree to a lasting truce with its democratic neighbor.

As our strongest ally in the Middle East, I believe Israel has the right to defend its citizens from the constant barrage of Hamas rocket attacks from inside Gaza. For too long, Hamas has used terrorism against Israel to destabilize the region and prevent peace for the people of Israel and the Palestinian territories. As long as Hamas continues to attack

innocent Israelis and use ordinary Palestinians as human shields, I will continue to support Israel's right to self-defense and its stated goal of preventing Hamas from firing rockets into Israel.

I remain hopeful that the United States and its allies can help bring a sustainable ceasefire to the region through diplomacy and create the conditions necessary for a durable peace.

HONORING DENNIS MCCARTHY

HON. HOWARD L. BERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 6, 2009

Mr. BERMAN. Madam Speaker, I am honored to pay tribute to my friend, Dennis McCarthy, a renowned journalist, veteran, and the first Grand Marshal of the annual San Fernando Valley Veterans' Day Parade. Dennis is being honored by the Los Angeles Valley College for his many good works.

An award winning columnist for the Los Angeles Daily News, Dennis is a diligent crusader who tirelessly works to protect the rights of veterans and their families. His popular column is widely read in the San Fernando Valley and neighboring suburbs. It is not only well written, but it is often so compelling that it stirs people to take action.

Dennis obtained his degree in Journalism from California State University at Northridge. In addition to writing for the Los Angeles Daily News, Dennis has written for the Glendale News Press and South Bay Daily Breeze. He is extremely prolific; he has written nearly 3,000 columns in his 25-year-career including many columns about Los Angeles Valley College and its vital role in meeting the educational needs of our community.

He has demonstrated an extraordinary commitment to issues involving senior citizens, veterans, and the disabled. He uses wit, humor and solid reporting to spark the interest of community leaders.

I am grateful to Dennis for serving as the first Grand Marshal of the annual San Fernando Valley Veterans' Day Parade—a parade I helped put together and care deeply about. Dennis not only took on the Grand Marshal role with his customary great dignity, but he helped communicate the spirit of the parade through his columns. He has also used his column to help prompt other projects I have undertaken to help improve the lives and the health of our veterans.

Madam Speaker and distinguished colleagues, I ask you to join me in saluting Dennis McCarthy for his impressive career and dedication to the people of the San Fernando Valley, and to congratulate him on being honored at the Los Angeles Valley College President's Annual Gala.

SAN GABRIEL BASIN
RESTORATION FUND

HON. DAVID DREIER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 6, 2009

Mr. DREIER. Madam Speaker, I rise today to introduce legislation that will continue to

provide safe drinking water to Southern California. Identical legislation was approved by the House in 2007 but was still awaiting consideration in the Senate when the 110th Congress adjourned. It is my sincere hope that we can move quickly to see this bill enacted.

In 2000, Congress created the San Gabriel Basin Restoration Fund after the discovery of perchlorate and other harmful contaminants in the basin's groundwater. The San Gabriel Groundwater Basin covers more than 160 square miles in Los Angeles County and is the primary source of drinking water for over 1.2 million people.

The fund initially authorized \$85 million in Federal funding to assist the state and local government agencies as well as the private companies found responsible for the contamination to effectively implement a comprehensive clean up plan that would protect the safety of our region's drinking water supply. After evaluation, it is evident that an increase in this authorization is necessary. That is why this bill extends the current authorization of the San Gabriel Basin Restoration Fund by a total of \$61.2 million—\$50 million for the San Gabriel Basin Water Quality Authority, WQA, and \$11.2 million for the Central Basin Municipal Water District (Central Basin).

The San Gabriel Basin Water Quality Authority, has done a tremendous job in administering the clean up program. In 1999, the WQA projected the cost of cleaning up the San Gabriel Basin at a total of \$320 million based on the level of contamination of the five original Operable Units of Baldwin Park, El Monte, South El Monte, Whittier Narrows and Puente Valley. Since the initial authorization by Congress in 2000, dramatically increased contamination levels have been identified in the South El Monte and Puente Valley Operable Units. This discovery has significantly increased both the capital and operation and maintenance costs of the projects. With the cost of inflation, increased energy costs and the higher contamination levels found, the total cost is now estimated at \$1 billion. Significantly, the WQA has a number of treatment plants that are already operating at full capacity with more coming on line in the near future. I am proud to say that this partnership is an example of good stewardship of taxpayer money. Congress created the Restoration Fund in 2000, with an initial authorization of \$85 million, or a 25 percent investment. To date, over \$70 million has been appropriated, with approximately 83 percent of the clean-up provided by local sources and responsible parties, with about 12 percent federal funding. With this modest increase of \$61.2 million, bringing the total federal investment to \$146.2 million, or approximately 14 percent, the WQA and the U.S. Bureau of Reclamation can continue jointly administering this clean-up program.

In working with the WQA and the U.S. Bureau of Reclamation over the past decade on this regional solution, there is no doubt that this increase is warranted and will be utilized in the most effective way to continue to provide safe drinking water. The cost-effectiveness of the original authorization of the Restoration Fund is clear. And without a doubt, that cost-effective use of the Federal investment will be continued in this new authorization. The Federal partnership will continue to hold the coalition of local water agencies and private parties together to finish the job that we started a decade ago.

I look forward to working closely with the House Resources Committee, and with the Water and Power Subcommittee Chairwoman GRACE NAPOLITANO, who is a cosponsor of this bill and has been a champion of regional water solutions. I am also pleased to have the support of Representatives GARY MILLER, LUCILLE ROYBAL-ALLARD, and ADAM SCHIFF who are also cosponsors of this legislation and have long supported the safety of our regional groundwater supply.

INTRODUCTION OF THE CAPTIVE
PRIMATE SAFETY ACT

HON. EARL BLUMENAUER

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 6, 2009

Mr. BLUMENAUER. Madam Speaker, today I am introducing a bill to prohibit interstate commerce in nonhuman primates as pets. The Captive Primate Safety Act, CPSA, would amend the Lacey Act Amendments of 1981 to treat nonhuman primates as prohibited wildlife species under that Act and to make corrections in the provisions relating to captive wildlife offenses under that Act.

Nonhuman primates kept as pets pose serious risks to public health and safety. They can transmit diseases and inflict serious physical harm. These risks are increased by interstate transport of the animals. Currently, twenty states prohibit keeping primates as pets, and many others require a permit. Even in states where it is legal to keep primates, most people cannot provide the special care, housing, and social structure these animals require.

Although the importation of nonhuman primates into the United States for the pet trade has been banned by Federal regulation since 1975, these animals are bred in the United States and are readily available for purchase from exotic animal dealers and even over the Internet. Because of the importation laws, there remains an active domestic trade in these animals.

The CPSA would amend the Lacey Act Amendments of 1981 to add nonhuman primates to the list of animals that cannot be transported across state lines. It would prohibit the import, export, transportation, sale, receipt, acquisition, or purchase in interstate or foreign commerce of nonhuman primates in order to safeguard public health and safety and protect the welfare of monkeys, apes (which include chimpanzees and orangutans), marmosets and lemurs. The bill is similar to the Captive Wildlife Safety Act, CWSA, which Congress passed in 2003 to ban interstate commerce in lions, tigers, and other big cats for the pet trade.

The CPSA would not affect trade or transportation of animals for zoos, research facilities, or other federally licensed and regulated entities. In the 110th Congress, the CPSA received strong support in the 110th Congress from Dr. Jane Goodall, the American Veterinary Medical Association, the Association of Zoos and Aquariums, and The Humane Society of the United States. It easily passed the House of Representatives.

I look forward to working with my colleagues to advance this bi-partisan legislation.