

this country, and I urge the President-elect to bring in his economic advisers for a little chat and, perhaps, to reorient their thinking.

THE HERITAGE FOUNDATION SUPPORTS COOPER-WOLF SAFE COMMISSION IN STIMULUS LEGISLATION

The SPEAKER pro tempore. The Chair recognizes the gentleman from Virginia (Mr. WOLF) for 5 minutes.

Mr. WOLF. Madam Speaker, I come to the floor today to raise the issue of the dire financial situation facing our country.

We must come together to face the reality that America is living on borrowed dollars to the tune of \$11 trillion in debt and \$54 trillion, soon to go higher, in unfunded liabilities with entitlements. We must offer a bipartisan solution to these long-term financial challenges.

In recent days, there have been calls to consider the long-term budget controls in tandem with any economic stimulus package offered. The respected Heritage Foundation released a report last Friday, entitled "Stimulus Legislation Must Include Budget Reforms to Address Long-term Challenges."

The report offered support for budget control mechanisms that would be set up through the Cooper-Wolf SAFE Commission legislation in the House and the Bipartisan Task Force for Responsible Fiscal Action effort proposed by Budget Chairman KENT CONRAD and Ranking Member, Senator JUDD GREGG, in the Senate.

The Heritage publication, which I submit for the record, notes that SAFE "would have the advantage of a two-step process. Its first phase would be a series of nationwide public hearings to talk frankly about the long-term fiscal problems and the tough options for fixing it and build public support for congressional action on a broad plan of action."

As our colleagues may recall, the SAFE process would culminate in legislative recommendations to Congress, and like the BRAC process for closing bases, Congress would be required to vote up or down on the plan.

I know there have been questions raised about incorporating long-term budget controls in a short-term stimulus aimed primarily at job creation, but I would argue—and many would argue—that the time is now here to begin to confront the underlying problem of autopilot spending. I don't know about other Members, but my constituents continue to share their frustration with Congress' seeming to know only how to spend money with no regard for the future.

We need to listen to the American people and show them that we can lead and that we can make the difficult choices. The longer we wait and the more consuming entitlement program spending becomes, the more draconian

our choices will be. We are mortgaging the future for our children and grandchildren. The bottom line is we cannot deal with the short-term financial problems without thinking about and dealing with the long-term solutions.

The SAFE Commission is not a new idea. Over 110 Members of Congress co-sponsored the legislation in the last year. The Heritage Foundation, the Brookings Institution and the Concord Coalition all helped draft the bill.

Jim Cooper and I joined bipartisan forces in the last Congress, and SAFE has continued to garner support from other leading voices, including the business community—the Virginia and Tennessee Chambers of Commerce, the Business Roundtable and the National Federation of Independent Business.

We all know that it will take all of the political courage that we can muster to reject the partisan and special interest demands and to do what is best for the country. If other Members have a better bipartisan idea that can pass the House, they should be introducing it, and it should be included in the stimulus package.

Not acting on this issue is effectively supporting either the "do nothing plan" or the "maybe this problem will fix itself plan" or the "let's just bury our heads in the sand plan," but the numbers don't lie. The Nation's future outlook is sobering. Just in the short term, CBO projects that the Federal budget deficit for this fiscal year alone, which started in October, will balloon to \$1.2 trillion and perhaps higher.

We offered this SAFE idea as an amendment to the FY09 Financial Services spending bill last June. Unfortunately, we came up one vote short of passage. Congressman ALLEN BOYD, the founding member of the Blue Dog Coalition, spoke eloquently from his heart in support of the amendment, asking us to envision ourselves 20 years from now, sitting on the front porch and telling our grandchildren about the days we served in Congress.

What will we tell our grandchildren—that we looked the other way, knowing that out-of-control entitlement spending would threaten the living standards of future generations?

The stakes for the country's future may have never been so high. This is clearly an economic issue, but it is also a moral and a generational issue. Abraham Lincoln once said, "You cannot escape the responsibility of tomorrow by evading it today." I believe the moral component of this issue goes to the heart of who we are as Americans.

This is not a Republican issue or a Democrat issue. It is an American issue. If we can't find a way to come together on this fundamental issue, I will have serious questions about our ability to find bipartisan solutions that will work for the good of the country.

I am asking our colleagues today to come together, to know that while we served in Congress we did everything we could in our power to provide the kind of security and way of life for our

children and for our grandchildren that our parents and grandparents worked so hard to provide for us.

This challenge, too, goes out to the leadership in Congress and to the soon-to-be Obama administration to make this a truly bipartisan effort. Put the SAFE Commission process in the stimulus package and on the fast track to enactment.

I have never been more committed to an issue and to helping to find bipartisan solutions to address our long-term financial sustainability of this country. The American people expect nothing less.

[From the Heritage Foundation, Jan. 9, 2009]
STIMULUS LEGISLATION MUST INCLUDE BUDGET REFORMS TO ADDRESS LONG-TERM CHALLENGES

(By Alison Acosta Fraser)

Congress and President-elect Barack Obama have set their sights on a massive economic stimulus bill crammed full of spending projects intended to "jolt" the economy into recovery. By some counts this package may reach \$1 trillion, or nearly 85 percent of the total of all budget bills passed last year.¹

This is not the way to spur economic recovery. But even if it were, Obama already recognizes he faces a difficult challenge: how to keep the stimulus focused on short-term deficit spending and avoid a huge, long-term expansion of the federal government—and with it a dramatic increase in the staggeringly large unfunded obligations due mainly to Social Security, Medicare, and Medicaid. To deal with that challenge, Obama should work with fiscally responsible Members of Congress to include four key budget reforms in any stimulus legislation:

1. Put long-term obligations from Social Security, Medicare, and Medicaid front and center in the budget process;
2. Establish a bipartisan congressional commission to develop a package of long-term reforms for entitlements;
3. Establish equitable policies for assessing and enforcing spending and revenues changes in the budget; and
4. Create a long-term budget for entitlement spending.

Spending and Deficits Hit New Records. Federal spending is projected to top 25 percent of GDP in 2009, according to the Congressional Budget Office (CBO), the highest it has been since World War II, and that is before any stimulus legislation. The deficit is projected to reach \$1.2 trillion by the end of this year, and any stimulus would likely push the deficit to more than \$1.6 trillion.

Similar large deficits are projected to continue into the future.² Such deficits are a loud alarm to which policymakers must listen: Federal spending is out of control. But even they ignore the deeper fiscal problems of Social Security and Medicare. These programs together, not even counting Medicaid, have an unfunded obligation that is equivalent to a mortgage of \$43 trillion.³ Future generations will be forced to pay for those obligations through higher taxes unless the programs are modernized.

Budget Restraint. While making the case for his massive short-term stimulus proposal, President-elect Obama acknowledged the threat entitlements pose to the economy, noting, "If we do nothing, then we will continue to see red ink as far as the eye can see." He called budget reform "an absolute necessity," and he has pledged to confront the problems from Social Security and Medicare in his budget.

Budget writers in Congress are also alarmed. Senate Budget Committee Chairman Kent Conrad (D-ND), called the deficit

“jaw dropping,” and House Budget Committee Chairman Jack Spratt (D-SC) was suffering “sticker shock.”⁴ They and their ranking member counterparts have encouraged lawmakers to tackle the long-term budget problems posed by these entitlement programs. Conrad and Senator Judd Gregg (R-NH) have urged Congress to link the stimulus with action to address the long-term budget crisis.⁵

If President-elect Obama is serious about fiscal responsibility, he and responsible Members of Congress must insist on budget reforms to prevent further deterioration of an already alarming long-term budget problem and require action to tackle these challenges directly. To that end, he and responsible lawmakers should insist on these four key budget reform measures being included in any stimulus package:

1. Put long-term obligations from Social Security, Medicare, and Medicaid front and center in the budget process, with an up-or-down vote on any budget that will increase debts on future generations. Such a measure could easily be incorporated into the annual budget resolution. This would provide a more accurate and transparent assessment of the federal government's commitments and provide all Americans with a vivid picture of the problem. All major policy changes should be scored over the long term to indicate what impact they would have on the total unfunded obligations of the government. That would provide lawmakers and the public with a better understanding of the true long-term costs of new legislation. And to put Members on record on their attitude to burdening our children and grandchildren, they should have to vote during the annual budget process if the proposed budget will increase long-term obligations.⁶

2. Enact a bipartisan congressional commission to develop a package of long-term reforms that will make these programs affordable. Bipartisan legislation to implement this type of commission was introduced in the previous Congress: the SAFE Act (H.R. 3654), co-sponsored by Representatives Jim Cooper (D-TN) and Frank Wolf (R-VA), and the Bipartisan Task Force for Responsible Fiscal Action Act (S. 2063), co-sponsored by Conrad and Gregg. Under both bills, a commission would craft detailed recommendations for a fast-track vote in Congress. The SAFE Act would have the added advantage of a two-step process. Its first phase would be a series of nationwide public hearings to talk frankly about the long-term fiscal problem and the tough options for fixing it and to build public support for congressional action on a broad plan of action.⁷

3. Establish equitable policies for assessing and enforcing spending and revenues changes in the budget. Any budget enforcement mechanism is based on changes in projected spending and revenues. The CBO projects a spending baseline by assuming that all the laws authorizing spending—such as the highway or farm programs, or even appropriations—will be extended year after year and spending levels will continue even if they expire regularly under existing law. But when it comes to taxes, the CBO's baseline is current statute, and any rates reductions, deductions, credits, etc., that are scheduled to expire are assumed to do so. The lopsided result is that spending is given a free ride under the baseline while any reduction in the growth of taxes is assumed to be temporary.

This skewed baseline means current “PAYGO” rules are biased toward tax increases. Thus, for any enforcement mechanism to be considered fair and to be effective, it must be based on the same baseline treatment for both spending and revenues. Indeed, Obama's own advisors have already

criticized this lopsided policy treatment, which stacks the deck in favor of higher spending and higher taxes.⁸

4. Create a long-term budget for entitlement spending. Unlike “discretionary” programs such as defense and education, “mandatory” entitlement programs like Medicare and Social Security are not budgeted annually. Entitlement spending grows on autopilot, in conjunction with the programs' regulatory framework, so there is not an open or transparent consideration of priorities or budgetary trade-offs. And since spending levels are simply the product of individuals using their entitlement, there is in a sense no budget just a projection of likely total costs. And as they grow unchecked, these entitlements crowd out other programs and priorities.

This must change, by constraining entitlement programs with a real budget. To be sure, retirement programs require longer time horizons and planning than typical discretionary programs so that beneficiaries will not face unexpected annual changes in benefits. Therefore, Congress should create a long-term framework for a constrained entitlement budget that would be periodically evaluated to ensure that these programs are sustainable and affordable over the long term. This could be done by creating a long-term budget window—for example, 30 years. All spending would be reviewed every five years, and the commission could recommend measures for Congress to ensure that the programs live within this budget framework.⁹

There are many reasons to be concerned over the unprecedented stimulus spending now being proposed, including the ineffectiveness of Keynesian pump priming, the perils of such an immense hike in government spending, and the creation of new permanent government programs. With the first baby boomers recently retiring, America is experiencing the first waves of the entitlement tsunami. The stimulus legislation could set the stage for a permanent sea of red ink and an even larger tsunami of debt. Substantive budget reforms are needed to prevent such a scenario from occurring.

Truly Serious? If President-elect Obama insists on a massive spending bill, he must ensure it does not result in huge permanent new government programs and thus potentially trillions of dollars in new burdens on our children and grandchildren. He must demonstrate his commitment to tackle the long-term entitlement challenges by working with Members of Congress to build sound budget process reform measures into the stimulus legislation. If he does not do so, the young Americans who voted for him should question how serious he is about protecting their financial future.

ENDNOTES

1. Estimated FY 2008 appropriations \$1.154 trillion, prior to all enacted supplementals. Office of Management and Budget, “Budget of the United States Government Fiscal Year 2009: Historical Tables,” Table 5.4, at www.whitehouse.gov/omb/budget/fy2009/hist.html (January 9, 2009).

2. See Brian M. Riedl, “CBO Budget Baseline Shows Historic Surge in Spending and Debt,” Heritage Foundation WebMemo No. 2193, January 7, 2009, at <http://www.heritage.org/research/budget/wm2193> (January 9, 2009).

3. Department of the Treasury, “2008 Financial Report of the United States Government,” December 15, 2008, p. 41, at <http://fms.treas.gov/fr/index.html> (January 9, 2009).

4. Lori Montgomery, “Congress Urges Spending Restraint,” The Washington Post, January 8, 2009, at <http://www.washingtonpost.com/wp-dyn/content/article/>

2009/01/07/AR2009010701156.html?hpid=topnew (January 9, 2009).

5. Senators Kent Conrad and Judd Gregg, “A Fiscal Battle on Two Fronts,” The Washington Post, January 5, 2009, at http://www.washingtonpost.com/wp-dyn/content/article/2009/01/04/AR2009010401436_pf.html (January 9, 2009).

6. Alison Acosta Fraser, “Federal Budget Should Include Long-Term Obligations from Entitlement Programs,” Heritage Foundation Executive Memorandum No. 1004, June 22, 2006, at <http://www.heritage.org/Research/Budget/em1004.cfm>.

7. Alison Acosta Fraser, “The SAFE Commission Act (H.R. 3654) and the Long-Term Fiscal Challenge,” testimony before the Committee on the Budget, U.S. House of Representatives, June 25, 2008, at <http://www.heritage.org/Research/Budget/tst062508b.cfm>.

8. J.D. Foster, Ph.D., “Obama to CBO Revenue Baseline: Nuts—and He's Right!,” Heritage Foundation WebMemo No. 2019, August 11, 2008, at <http://www.heritage.org/Research/Budget/wm2019.cfm>.

9. Stuart M. Butler, Ph.D., Alison Acosta Fraser and Other Authors, “Taking Back Our Fiscal Future,” Heritage Foundation White Paper, March 31, 2008, at <http://www.heritage.org/Research/Budget/wp0408.cfm>.

THE NEW FRONTIER OF THE 21ST CENTURY

The SPEAKER pro tempore. The Chair recognizes the gentleman from Tennessee (Mr. COHEN) for 5 minutes.

Mr. COHEN. Madam Speaker, last week, the 111th Congress was convened, and we started by electing our Speaker, the Honorable NANCY PELOSI, for a second term of Speaker of the House.

The 111th Congress has much potential, much of it because the 107th, 108th and 109th Congresses failed as a Republican majority, and a Republican President let the free market dictate how our economy responded to economic pressures, and as a result, we have had the greatest economic catastrophe since the Great Depression.

Those Congresses—the 107th, 108th and 109th—allowed the Republican President, on faith, to take us into a war that has cost us 4,000 American lives, over 30,000 casualties and over a half trillion dollars that has robbed our citizens and our cities, Madam Speaker, of monies needed for health care, education and infrastructure.

The 110th Congress saw a Democratic majority come here, and it had an opportunity to pass legislation, some of which was approved by the President, was signed by the President or his veto was overridden. However, the President did veto several of our bills, including a children's health care plan, which we'll work on this week. We were unable to stop the hemorrhaging of our economy and of our young people's lives in the Middle East.

In both the election of a new President and in the 111th Congress's opportunity to work with President-elect Obama, I believe this Congress will be viewed as one of the most historic Congresses in the history of our country.