

hundred seventy-five thousand foreclosure filings were reported in January, with one home in every 440 receiving a foreclosure filing in February. This year, the stock market has plunged 1,750 points and is at its lowest rate since 1997. Millions of Americans continue to lose their retirement security. To date, AIG has received \$200 billion in taxpayers' funds to keep the company afloat and recently suffered the largest quarterly loss of any corporation in American history.

Mr. Speaker, Americans are hurting. We cannot sit by and watch as AIG executives not only keep their jobs but are also rewarded for their actions.

Further, the administration needs to come clean on its discussions with AIG and approving these bonuses. Therefore, today I have introduced a resolution requiring the Secretary of the Treasury to transmit to Congress all communications relating to AIG and its approval of these executive bonuses as well as the use of Federal infusion of taxpayer money. Americans deserve to know the full story, and this Congress must act to get it now.

The excuses on television are, "Well, these are contracts. We can't mess with contract law." Mr. Speaker, recently we have told the Big Three auto makers that if they want Federal Government assistance, they have to cram down the people that work in their auto factories. Those are contracts. Recently, the House has passed legislation on mortgage relief that says that even though a bank gave you \$100,000 to buy a house, if you got that house under false circumstances, we have to cram down how much you owe the bank. That is certainly contract law as well.

The notion that it is an excuse that somehow these contracts were entered into and we must honor them, and we have to pay \$165 million to 73 people, is an abomination. We need to stop it. And I am asking for every Member of this House to cosponsor the resolution.

#### THE PARTY OF "OWE"

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, the gentleman from Iowa (Mr. KING) is recognized for 60 minutes as the designee of the minority leader.

Mr. KING of Iowa. Mr. Speaker, again, it is a privilege to address you here on the floor of the United States House of Representatives, and also to have the chance to lay out here before you and our colleagues and ultimately the American people a point on the cause that we are involved in.

We have dealt with crisis after crisis here on the floor of Congress, and I look back at many of the things that have taken place historically here, and I could list them long. But I will say that I think the most colossal mistake that this Congress ever made was passing the President's Stimulus Act.

I think we have a budget hanging out today that may be a more colossal

error. In fact, this budget that lays in front of us, President Obama's budget, spends too much, taxes too much, borrows too much. And what it turns into is their party, that side of the aisle, Mr. Speaker, has become the Party of Owe, the party of debt, the party of borrow. Not the party of "no," the party of "owe." They can't say "no" to anything; they just want to owe everything and everybody, even to the extent where this budget projects out by CBO to go to 200 percent deficit of GDP. Unheard of. The highest we have ever had in history was 1945, the end of World War II. Now, the President's budget takes this to that place.

This takes us to, in the middle of this economic crisis where we have seen the equity and the stock market drop by a huge percentage, by one-third or 40 percent or, in many cases, even more. It takes us to this point where the President said to us that he believes that FDR's New Deal actually would have worked, it actually was working, and that he just simply lost his nerve and didn't spend enough money. Can you imagine?

When he said that to us back in, I think, early February, I didn't think he was completely serious about having more commitment to spending a massively larger amount of money than FDR did in the New Deal.

But history hasn't served us very well in the way they reported the New Deal, because a lot of young people for two generations have been taught that the New Deal was a good deal and it got us out of the Depression.

Mr. Speaker, by the time the stock market got back to where it was in October of 1929, Franklin Delano Roosevelt had been dead for 9 years; we had fought two wars, World War II and Korea, and finally in 1954 the markets got to where they were in 1929.

There is no way that a logical objective historian can say that the Keynesian idea of borrowing and spending was a good deal when it was the New Deal. Nor is there any model in history that says that the new New Deal, the Obama Uber New New Deal, would be as good a deal as the bad old deal or a better deal than the old New Deal. This is the new New Deal, it is a bad deal, and Keynesian economics have failed wherever they have been tried.

We need to turn ourselves around to real solutions, Mr. Speaker, real solutions for the American people, real solutions that will take America to the next level of its destiny, not the level down, not in the direction where we put our children and grandchildren and our great grandchildren in debt, not to where little babies born today are looking at thousands of dollars in debt, for every child that is born in America that they are going to have to work off. And we can either print a lot of money and devalue our currency, or we can suppress our economy for generations to come by all of this debt that is on us. And what can transform us as a country? What will ever grow our econ-

omy out of this anchor that we are now dragging? They are going to be pitching more anchors off the side of this great economic ship, of the greatest economic machinery that has ever been built in the United States of America, and our free market system.

But in the bailout bill last fall, we pitched an anchor over the side, and we have been dragging that anchor. And then we have the stimulus plan that is another anchor we pitched over the side that we are dragging along bottom. And we have got the President's budget as another anchor that we are going to have to drag. And, now, they are talking about another stimulus plan. And burden after burden heaped on top of the American people, the free market system cannot sustain this kind of a load. We need to do something transformative.

The transformative component that I am advocating here tonight is the one that Mr. STEARNS of Florida advocated a little bit earlier, Mr. Speaker. And I'll take you this way on the fair tax, and that is this:

I was audited one too many years in a row early on when I first started my construction business. The IRS showed up every year for a while, and they decided they were going to justify their existence by milking the little bit of blood that there was out of this fledgling turnip of a company that King Construction was back in those years. And after they audited me one too many years in a row and I shut the doors on my business for 4 days so that I could be there and personally hand them the documents and justify the expenses, so that I could minimize the loss that was going to come to me from the IRS, because I had experience with that, and it cost me money, and I had to make a calculation on whether I was going to—I believe I did everything right. And I had to make a calculation on whether I was going to stand on principle and go and fight the IRS, in which case it was almost inevitable that I would lose my business in the process, because I couldn't afford to be away from my business and still keep it going. Or, borrow the money to pay the IRS a bill that I still don't believe that I owed in order to be able to keep operating.

Well, that was one of the times when I didn't commit suicide on principle for the business, but I borrowed the money, paid the IRS. And then I went out and climbed in the seat of one of my bulldozers, and the smoke went up out of the exhaust stack, and it went out of my ears. And I began to think, what is the IRS doing in my office? Why are they impeding my production? Why are they making Monday morning quarterback decisions on me and my life when I am doing the best I can to comply with the laws that are passed by Congress? Well, I didn't know then that it was impossible for the new head of the IRS to figure out the Tax Code.

So, Mr. Speaker, when Timothy Geithner can't figure it out even with Turbo Tax, and if Tom Daschle can't

figure it out, I guess I shouldn't have felt so angry. But I am glad today that I was angry, because I did a little fast-forward in my mind and it was, I want rid of the IRS. I want to be rid of that intrusive organization that can come in and take away the sweat of my brow and diminish the creativity and the energy and the entrepreneurial spirit that it takes for any business to get started, especially a small business, and especially a highly capital-intensive business like mine was. I understand how this works. So I just leaped to this conclusion. The next day I decided, I want rid of the IRS, and I want to repeal the entire Federal Income Tax Code.

Now, I didn't think about how you get that done. I am working on how you get that done today. But what I thought about was, how do you replace the revenue? Because the government has to have some money to run on, and the only way you replace the revenue is if you go to a national sales tax, and it starts with about three principles to know:

Businesses transfer the cost of those taxes on to their customers. Yes, I wrote a check for those taxes, but I had to pass those costs on to my customers if I was going to stay in business. Corporations don't really pay taxes, businesses don't pay taxes. They are tax collectors for Uncle Sam.

But here is the transformative principle No. 1: Ronald Reagan, quoted by Mr. STEARNS of Florida, and I will give you a different quote from Ronald Reagan. He said, "what you tax, you get less of. A tax is a punishment." But Uncle Sam, the Federal Government, has the first lien on all productivity in America.

□ 1645

If you have earnings, savings or investments, Uncle Sam is there with his hand out. When you walk in and punch the time clock at 8 o'clock on Monday morning, Uncle Sam is right there figuratively with his hand out, and you work until he gets what he wants. Then he puts that in his pocket and figuratively goes away, and then you can start working for the rest of the interest.

If it is earnings, savings or investment, if it is productivity, the Federal Government has the first lien on all productivity in America. So a taxation is a punishment. It is a disincentive. We have less production than we would have otherwise because we tax it first. We tax all earnings, savings and investment. If you go to a national sales tax, "the Fair Tax," and tax the last stop on the retail for personal consumption of sales and service, that way you're actually levying the tax against the people that are the consumers that are using it. So we lift the tax off of all production in America, off of all earnings, savings and investments in America, then we cut those anchor chains that we are dragging. The cost of tax compliance is a cost to this economy,

because we have lawyers that are tied up and business decision makers who have to, in every single business decision, do a tax calculation. We eliminate all of that and take that burden off and cut those anchor chains that we are dragging, and we turn those brains of H&R Block and tax lawyers, tax accountants and people that are strategizing business off of the advice that they get from their tax lawyers, and there are those people that have to make those decisions without the benefit of counsel, all of that mental energy, all of that time goes from, I'm going to just say this in a nice, gentle way since it is St. Patrick's Day, it goes from the parasitic sector of the economy to the productive sector of the economy. And the productive sector is the free market sector that produces goods and services that has value to people. That is the first transformative thing about the Fair Tax, of taking that burden off of the production, the taxation that is on production, and cuts all of those anchor chains, and it puts the taxation over on consumption where we can use a little bit of an incentive for savings and investment. And it lets people decide when to pay their taxes by when they make their purchases.

I watched a little YouTube clip of the majority leader in the United States Senate, HARRY REID. It was just not quite a year ago. He said, "we have a voluntary tax system." Well, it is hard to make that argument stick. No. We have a confiscatory tax system. It is not voluntary. You don't today get to pay taxes when you want to. If you fail to pay your taxes, the IRS will show up, and they will charge you interest and penalty for failure to pay your taxes. If you still don't pay your taxes, they will garnish your wages. They can come in and put a title on your vehicle, assign themselves a new title to the vehicle, sell that vehicle and credit your account. But the interest and the penalty probably is going on faster than you can sell a car to get that back out of there. There is nothing that the IRS can't touch if they are going to collect your taxes. And when they are done, if they think you have avoided taxes, they will encourage prosecution. We have people in federal penitentiaries today for tax avoidance. So it is a confiscatory, mandatory taxation today.

I want to go to what HARRY REID calls a "voluntary tax system." That is the Fair Tax. People volunteer to pay the tax when they make their purchases. There are other components to this, but I want to make one more point before I yield, and that is the other transformative point. The first transformative point is that what you tax, you get less of. The Fair Tax takes the tax off of all production in America. All earnings, savings and investment is not punished. You get to keep it.

The other transformative component is this, and a lot of people have been credited with this statement. I will

give the general one, Mr. Speaker, and then we will perhaps give credit all where it is due before this discussion is over. But there have been many of our Founders and statesmen that have referenced what happens to a country that claims to be a democracy, and I will call us a constitutional Republic, when more than half of the people figure out they can vote themselves benefits out of the public Treasury, on that day our democracy ceases to exist. The future of the Republic ceases to exist. Many of us think we have crossed that line already. And if we listen to the promises that were made in the last campaign that came from our now President, Mr. Speaker, about how everybody was going to get a tax cut, even those that weren't paying taxes were getting tax cuts, those are refundable tax credits. It is a transfer of wealth from the wealthy to the unwealthy, a transfer of wealth internally. When that happens, when the American people become dependent upon someone else for their livelihood, when they lose their sense of self-responsibility, that sense of self-sustainability, when they stop teaching their children, Mr. Speaker, that they cannot be a burden on this society, that they must be a contributor to this society, then our freedom is diminished, and perhaps our constitutional Republic ceases to exist.

Mr. Speaker, I will submit this. There is a way we can pass this Fair Tax, and if we do so, no one any longer pays any federal income tax. Everybody gets roughly 56 percent more in their paycheck. And how do we transform this sense of responsibility? In this way, in billions of transactions at a time. When little Michael Dicks stepped up to the counter when he was 8 years old, he said, "I want to buy this." He put a box of Skittles on the counter. It was 89 cents. He counted out his 89 cents. The lady at the check-out register said, "that will be fine. I need 96 cents." And he looked at his father and said, "Dad, I've only got 89 cents. The price says 89 cents and the lady at the register says you have to pay the sales tax for the Governor." He looked at his father with a pained look in his eyes. He said, "Dad, I have to pay tax on Skittles?" "Yes, you have to pay tax on Skittles, Son."

Think what that does. If every little child growing up in America, when they buy their Skittles or their Barbie doll clothes or their baseball cards, or whatever they spend their money on, if they have to put a couple of dimes up on the counter for Uncle Sam, they will be reminded at every transaction, millions of young people, billions of transactions, how expensive our Federal Government is. When that happens, it will slowly transform America, the core of America, the core of American responsibility. The two things transformational are we stop punishing production and we raise generations of fiscally responsible, independent-minded Americans. Those are the two transformational principles.

I would like to go to whichever one of my colleagues is the most urgently here. So, I would be happy to yield then to the gentleman from Georgia, Mr. NATHAN DEAL.

Mr. DEAL from Georgia. I want to thank the gentleman for yielding. I want to join him in talking about the Fair Tax issue and to thank my colleague, JOHN LINDER, who is here on the floor, who is the primary sponsor of this legislation in the House.

We all talk about change. We all talk about reform. I can't think of a single bill that is before this House, in committee at least, that would have the transformational effect of passing a Fair Tax. As the name implies, it is a matter of fairness. It would do many things, and you're going to hear, in addition to Mr. KING who has already addressed the topic, you're going to hear others today talk about some of the benefits that would be derived from this kind of legislation.

First of all, it gives people a choice, a choice over how they spend their money. We know that our country is in a deficit in terms of savings. This approach to taxation would say to every American, if you choose to save, then you're going to be able to do so, and the government is not going to tax you as a result of making that choice. If you choose to spend and to consume, then that is the basis on which your taxation will be founded. Those are the kinds of things that give people more of an involvement and a control over their own financial destiny. Of course, as has been referred to, it does much to restore our balance in the international trading community.

Coming from a part of the country in the Southeast which was the old textile belt, we have seen those jobs virtually disappear. It happened for a variety of reasons. But one of the things that made it at a great disadvantage was the tax structure that our country has in place. If we are going to compete in the international marketplace, then a system that does not add on a cost at every stage of the production cycle in the form of taxation is the best way to begin to make us competitive. I think it will be a step toward having those industries, many of whom have left for a variety of reasons, but taxation being one of them, to see them return back to our shores and to restore those job opportunities back to the American people.

For this and many other reasons, I support the Fair Tax. I urge those committees in this House who have jurisdiction over that issue to discharge it from their committee and give this House the opportunity for the elected representatives to express the will of their constituents on this very critical and important reform, the Fair Tax. I thank the gentleman for yielding.

Mr. KING of Iowa. I thank the gentleman for coming down and weighing in on this subject matter. I appreciate each of you as you weigh in. Hopefully we will be able to do this more often in the future weeks.

I would like to then yield to the gentleman from Florida (Mr. MILLER).

Mr. MILLER of Florida. I thank the gentleman for yielding. Thank you for setting up this time this evening to talk about the Fair Tax, something that a great many of us, in fact 51, have signed on as cosponsors of this particular piece of legislation. I do salute my friend, Mr. LINDER of Georgia, for continuing to keep this piece of legislation out in the forefront. It is incumbent upon us as members of the legislative body to do what we can to bring things to the floor for debate. But it is also incumbent on people out there in just good old regular America to call their Members of Congress, to inform them of what they want.

I think of Skip and Loretta Akin back in my district who, every time there is a Fair Tax issue that comes up, they are a part of it. They are wearing their Fair Tax shirts. They have been to the city of Atlanta talking about the issue and bringing the good news forward. But there are just a lot of people that aren't listening. We are in great economic peril now. We all know that. We all have compassion. We want to solve the problems that are out there. But we hear more and more about taxes. We hear class warfare, if you will. And again, my colleague has just talked about the issue of choosing where you spend your money, choosing if you're going to buy something. It even goes beyond that. It is choosing whether you buy something new or whether you buy something existing or used where there won't be a sales tax on it. What is amazing to me is that besides the fact that it does away with all of the other taxes that are embedded out there, it is something that you alluded to, Mr. KING, just a little while ago, and that was that it prohibits funding of the IRS after the year 2013. Can you imagine no Internal Revenue Service after the year 2013? Why? Because each and every one of us remits at the cash register at the point of sale. We remit the taxes there. So yes, it has already been alluded to, in the administration, where the Treasury Secretary that our President chose could not figure out how to pay his taxes among the overly complicated Tax Code. I hope that Secretary Geithner will join my colleagues and others in supporting this particular bill.

Lastly, Mr. KING, I would like to also remind my colleagues that there are Fair Tax rallies that are being held all across the country. The next one that I'm familiar with is in Jacksonville, in my State of Florida, on the 11th of April. Unfortunately, I will not be able to be there as I will be somewhere overseas visiting with our troops during that time of our break. The people that are keeping this issue forward and in the forefront today are the ones that need to be saluted as well as those that continue to talk about it. I encourage you and will be here every time that you want to bring the Fair Tax issue to the floor.

I thank you again for bringing this to the floor.

Mr. KING of Iowa. I thank the gentleman from Florida (Mr. MILLER) for coming down and standing up for the one big policy before this Congress that will give us back our freedom. He wouldn't be the only individual from Florida who would be on and be a supporter of the Fair Tax. As I cast my eyes around this Chamber, Mr. Speaker, I pick up another one. It would be the gentleman from Florida (Mr. MICA) whom I would like to yield to and ask him if he can add to this cause that is led by Mr. LINDER. As I came to this Congress, I looked around to find JOHN LINDER, because I knew that I wanted to tie up with him on this Fair Tax cause.

I yield as much time as he may consume to the gentleman from Florida (Mr. MICA).

Mr. MICA. I thank you so much. I thank the gentleman from Iowa for yielding to me. I thank him for his leadership and also for calling this Special Order tonight to talk about the Fair Tax and about the subject of taxation which has sort of gotten brushed under the carpet and not been considered in the 111th Congress, or for that matter in the past Congress. The Fair Tax has not been given a fair hearing or a fair chance.

I can't come before the House and talk about the subject without complimenting the gentleman from Georgia (Mr. LINDER). Mr. LINDER certainly is an inspiration for moving this proposal forward, not only in Congress, but across the Nation. We were pleased to have him in my Congressional district to speak on the Fair Tax and other matters before Congress. There is no question that without JOHN LINDER, this topic would be totally forgotten both in the Congress and across the country.

□ 1700

I come before Congress at a time when we have a new administration, and I think we all wish the President well. We wish him success. The country is hurting economically, and we don't want one person without a job. We don't want one person who has a problem paying their mortgage or losing their home. We don't want people to suffer because they don't have health insurance or an opportunity for education or the great opportunities that this Nation provides.

Unfortunately, this new administration also has not considered the Fair Tax. I think they have considered or are considering just about every other tax. I don't have enough time to cite all of them, but if you ever want to see new taxes, look at the budget that has been rolled out by the new administration. Some are hidden. Some have fancy, clever names. There is the cap-and-trade which would impose higher costs for energy users. Someone told me it is over \$3,128 annually in higher cost for every household. That is a new

tax. It has a clever name, but they have no problem imposing another tax on people who are already hurting and having difficulty in paying their energy bills.

The new administration is looking at again a host of other ways to tax people, but not looking at the Fair Tax, which would probably be the simplest, one of the fairest means of assessing costs to run our government. Now they are talking about new taxes on small business, taxes for anyone who makes \$250,000 a year, taxes on charitable giving, taxes on certain housing and financial transactions, bringing back the death tax, and there are some taxes that under the Bush administration needed to be extended and they will let them expire.

So I think they are finding every way to tax but not looking at probably the simplest, most honest approach to again raising revenue, and that we think is the option of the Fair Tax.

It is kind of interesting, too, in the new crowd we have folks we find don't mind raising new taxes because a lot of them haven't been paying those taxes or are having difficulty explaining both to congressional committees and the American public and others that they couldn't figure out the taxes, or their highly paid CPAs or accountants couldn't figure out the morass of regulations and all of the terms in the thousands of pages of Tax Code that everybody has to comply with. This is not a laughing matter, folks. We have buried ourselves in tax law that again would probably reach higher than me if it was all stacked up here on these desks at which I am pleased to speak tonight.

But again, I think that it is vital and I would appeal to the leadership of the House and those on the Ways and Means Committee and other committees in the Congress to give the Fair Tax a fair chance. Give it a fair hearing. Give it a chance to be debated in committee and here on the floor of the House of Representatives. Instead of this long list of new taxes that we hear coming out almost daily from the new administration to raise revenue, to look at a means of a very simple, economical, efficient reasons of raising revenue, eliminating the red tape and eliminating the questionable thousands of pages that people are having difficulty with, whether they are high Wall Street smart executives being considered for the highest posts in our land, or the average taxpayer who is struggling to compile their taxes.

I know that people are saying that Mr. MICA made this up, but I came from my office and almost tripped over a little stack that I have on the floor that I have to get to this week, and that is my taxes, to prepare that complicated—and thank goodness I have been out of business and the private sector for some time—so what used to be probably 2 or 3 inches of tax returns and sitting down for some time with my CPA and accountant is a much

smaller, less complicated affair; but nonetheless, it is complicated. And many people, obviously, have difficulty complying with the thousands and thousands of pages and rules and regulations that are interpreted differently.

So this is the time, I think, to give this proposal which has been developed by some here in Congress a fair chance, a fair hearing. Let's not sweep it under the carpet for another 2 years, but let's give it an honest hearing and look at how we can eliminate a huge bureaucracy and red tape. And so important today in creating jobs, whether it is in my district which is hurting for jobs, or across the country, the issue of competitiveness in the world markets, and nothing would allow us to compete more than a fair and equitable tax system that many other nations in the world have turned to, and many of our competitors have turned to, which make us less competitive in our jobs and products, and ability to compete in this global market.

I am here tonight to join my colleagues in asking that we give the Fair Tax a fair hearing and a fair chance and fair consideration in the Congress rather than the host of taxes that are being cast upon us and the Nation to pay by the administration at this time.

I thank you for the opportunity to join you tonight for a few minutes in this Special Order. And again, I praise your work and hope that we get a fair hearing on the Fair Tax.

Mr. KING of Iowa. I thank the gentleman from Florida. I would just add that the Fair Tax does everything good that anybody else's tax proposal does that is good, it does them all, and it does them all better. And I do that right before I yield to the real American leader on the Fair Tax, an individual whom I met when I was a State legislator at an American Legislative Exchange Council meeting, and I heard from JOHN LINDER in that meeting. I had no idea at the time I was going to get to be his colleague, and I had no idea at the time I would be able to yield some time to our national leader on the Fair Tax, Mr. JOHN LINDER.

Mr. LINDER. I thank the gentleman for yielding and for organizing this Special Order.

I think it might be good right now to repeat what the Fair Tax is.

The Fair Tax would repeal all taxes on income. No more corporate income tax, personal income tax, no more payroll tax. Most Americans pay more in payroll taxes than income taxes. That pays for Social Security and Medicare. We would get rid of the gift tax, the estate tax, the alternative minimum tax. No more tax on income at all. And instead, we would tax a national sales tax on everything that you purchased.

On average today, the average income American gives the government 33 cents out of every dollar he earns. Under the Fair Tax, they would give the government 23 cents out of every dollar they spend and raise the same amount of money.

Now we are going to come to this point because economic forces are going to drive us to this point. I had the privilege of visiting with Chairman Bernanke last week or 10 days ago or so. One day, whether I am here or not, this Congress is going to decide the only way to go is to a more fair tax, that taxes not what you put into society, but what you take out.

Today we know that on average, 22 percent of what you pay for is the embedded cost to the IRS. With all of the companies that it takes to get a loaf of bread to your table, there are payroll taxes, income taxes, there are compliance costs, they get embedded in that price system. That is the only way a business can pay a bill is through price. And you pay that business' light bill, their rent, and their tax bill.

If we have a price system that is inflated by 22 percent because of the embedded cost of the IRS, that makes us less than competitive in a global economy and jobs move into better tax jurisdictions offshore.

Secondly, the Tax Foundation said that last year we spent \$350 billion filling out IRS paperwork. We spend another \$125 billion a year calculating the tax implications of a business decision. If we are spending in excess of \$450 billion a year just to fill out forms to send them in, that is inefficient. That is stupid. It is like paying for a dead horse. You get nothing from the transaction.

Third, the underground economy is about \$2 trillion a year. And the more complex our code gets, the easier it is to go underground and avoid paying taxes. They are not contributing.

Fourth, there is today in offshore financial centers in dollar-denominated deposits \$13 trillion. My point to Chairman Bernanke was this: that is money that would be on shore in our markets, in our banks, if we didn't have an IRS.

All four of those issues: the embedded costs, the compliance costs, the underground economy, and the offshore investments, would be eliminated and fixed by getting rid of the IRS. None of them will be touched by nibbling around the edges of our current tax system.

Fifth is this point. We are having a serious problem starting in real estate in America because people can't afford to pay their mortgages. Some made bad choices, but that is a simple fact. Under the Fair Tax the average income earner would have a 50 percent increase in take-home pay. They would pay their mortgages. Now all of this stuff gets fixed in the economy without spending \$700 billion here and \$700 billion there without raising taxes and everything, as Mr. MICA said.

Lastly, this point: we have never taxed wealth in America; we tax wages. The first thing very wealthy people do is stop getting wages so they pay 15 percent on capital gains and dividends, and if the Obama plan goes through, they will pay a 20 percent tax. But they don't pay anything to Social Security

and Medicare because they have no wages.

When Mrs. Kerry had to release her tax return in 2004 during the Presidential election, it showed she had \$5.1 million in income the previous year. She paid a 12 percent tax on it. She paid nothing into Social Security and Medicare. She had no wages. This taxes wealth when it is spent. It is fair to assume that she spent a good part of that \$5 million on several houses and travel. And in that case if she had spent it all, she would have put \$400,000 into Social Security and Medicare, but we don't tax wealth when it is spent today.

Now what would happen if all of this comes to pass? Our studies from outside consultants say that in the first year we would have a 10.6 percent increase in the GDP. I asked Chairman Greenspan when he was chairman if that was inflationary, and he said not at all. We would have a 72 percent in capital spending, and we know that real take-home pay for workers increases in exact correspondence to capital spending.

We would have jobs coming here. An informal study done at Princeton many years ago asked 500 international companies located in Europe and Japan: What would you do in your long-term planning if the United States eliminated all taxes on capital and labor and taxed only personal consumption? Eighty percent said they would build their next plant in the United States.

If you are selling to Detroit, you would rather be in Detroit because transportation costs are high. But we have driven them off with tax policy.

We have lots of debates on the floor of this House, but punishing people who go offshore, locking up their accounts, they are not leaving because they hate America, they are leaving because we kicked them offshore with confiscatory tax policies.

This will come to pass, and it will be fair, and I hope one day we can give back to the American people and the freest society ever known the privilege of anonymity. No one should know as much about us as our Tax Code. We should have no agency of the Federal Government that knows more about us than we are willing to tell our children. Under this system, there would be no agency that knew how you made your money, how much you made, or how you spent it. You could anonymously go into any store, buy something, have the tax collected there just like we do in 45 States with the sales tax, and we would contract with those States to collect the money and remit it to us. We would have a system of government that was fair.

Let me just close with this comment. During the debate in 1912 when income tax was hot and heavy in the United States, one southern Senator made a statement that was considered so ridiculous and outrageous that he was laughed off the floor of the Senate. Here is what he said. He said, "Mark my words, if we pass this, in time they will be taking 10 percent of everything you earn." It was considered ridicu-

lous, but it did bring back to mind my favorite country song, if 10 percent is enough for Jesus, it ought to be enough for Uncle Sam.

□ 1715

Mr. KING of Iowa. I thank the gentleman from Georgia. I know that this country is going to call upon him many times as we move forward in this debate.

I want to make the point that I have been challenged in the past, and people will say, well, I know that the Fair Tax is a great idea, I'm convinced that you're right on the economics of it—in fact, thinking economists won't disagree; but the rebuttal that I get is, well, you can't get it passed. My answer to that is, if it gets passed under two different scenarios. One is, if we elect a President who has run on it and receives a mandate from the American people for the Fair Tax. And the other one is, when you are in a downward economic spiral and Americans are actively looking for solutions, this is it.

I will yield back to the gentleman from Georgia.

Mr. LINDER. I think that is correct. And in the last Presidential election, Governor Huckabee did run on the Fair Tax. In your State, he won the Republican primary. And he told me he ran because of the Fair Tax Organization in Iowa. We have organizations in 50 States, and most States have dozens of them. These are people who, no matter that happens to me or you or the folks right now pushing this idea, they are not going to let it die. If you Google "Fair Tax," you will find that they are meeting in every State, every week. Somewhere along the way it winds up in the literature.

The American people are going to demand this. If you remember the debates from the Republican primary, it came up in virtually every debate and brought down the house. So I don't think it is going to go away because the American people are not going to allow it.

Mr. KING of Iowa. I thank the gentleman. This good idea, I don't know that it has ever lost a debate and probably never will.

I am looking around and I am seeing a lot of my colleagues from south of the Mason-Dixon line—I'm glad there is one from the north side of the Mason-Dixon line. But before we go there, I have never met a Republican from Tennessee I didn't like. And we have one on the floor with us tonight, Mr. Speaker, and that's Mr. DUNCAN from Tennessee. I would be happy to yield.

Mr. DUNCAN. I thank the gentleman from Iowa for yielding.

I want to say, first of all, that I will be very brief because there are several other people here who wish to speak. But I want to commend my friend, JOHN LINDER, who has worked so hard in advocating the Fair Tax. And I especially want to commend my good friend, the gentleman from Iowa (Mr. KING), for calling this Special Order tonight. The gentleman from Iowa has been a real leader, a real champion in

the fight to reduce our taxes and to try to bring Federal spending under some type of control.

This is my 21st year in Congress. And I'll tell you, I have seen some pretty mindboggling spending in that time, but even I have been shocked and astounded by all the spending that we have seen lately, and it just seems to be almost completely out of control. And in all this spending and legislation that we passed just in the last few months, in the midst of that, we've raised our national debt limit to 12 trillion, 104 billion. That's a mindboggling, incomprehensible figure. And nobody can really understand it or relate to it, but David Walker, as many of you know, the former head of the GAO, the Government Accountability Office, has been going around this country trying to be a Paul Revere to sound the warning to say that as troublesome and worrisome as the \$12 trillion national debt is, that an even greater problem is what he estimates are now \$56 trillion in unfunded future pension liabilities.

And I used to say that what we were doing to our children and grandchildren is terrible, but actually now I say what we're doing to ourselves, because I don't believe it's going to be more than 10 or 15 years, if that long, before we're not able to pay all our Social Security and Medicare and veterans' pensions and all of the things we have promised our own people with money that will buy anything. What we will do, we will do what governments all over the world have done when they have gotten in this situation, they have just started printing more money. And that never works; it's like a ball going downhill. It just means that what people thought was a good pension is not going to work, not going to support them at all.

And every place in this world where the people have let the government get out of control, what has happened is there have been a few elitists at the top, it has basically wiped out the middle class, and there has been a huge starvation class because that is the only thing big government is good at is wiping out the middle class.

I will say this; there is no good reason why we should have a tax code nearly as complicated, convoluted, and confusing as the one we have, where I have read that even half the advice the IRS itself gives out is wrong.

The Fair Tax certainly has a lot of merit to it. Mr. LINDER has pointed out so many things. But right now the people who are paying their taxes, their honest share of taxes, they're paying the taxes for the illegal immigrants and the drug dealers and those who work in the underground economy. Under the Fair Tax, the illegal immigrants and the drug dealers would have to start paying their fair share of taxes.

In addition to that, we have—I think it's 65 million foreign tourists. They would help us pay a Fair Tax. They don't help us pay an income tax. And as Mr. LINDER just said, we now spend \$350 billion just in filling out the tax forms. It is ridiculous that we have a system that is that complicated.

As the gentleman from Iowa pointed out a short time ago, the administration has submitted a \$3.9 trillion budget. I noticed that Jim Cramer, the famous stock analyst who is on television every night, he said President Obama's budget may be one of the great wealth destroyers of all time. And that is a significant statement coming from a man who has been a six-figure contributor to the Democratic Party. He said President Obama's budget may be one of the great wealth destroyers of all time. We don't need that, especially in this type of economy.

We don't have enough people who realize this; there is waste in the private sector just like there is waste in the public sector, but the waste in the private sector pales in comparison to the waste that is in the public sector because a business that continually wastes money will very soon go out of business, but a government agency that wastes money just seems to get increased funding. So what that means is that every dollar you can keep in the private sector will do more to create jobs and keep prices low than will any dollars turned over to the government. Yet, I saw on Lou Dobbs last night that in this past year, we've lost four million jobs in the private sector while government employment has increased by 151,000 over the past 12 months. At the same time that individuals and families all over this country are having to cut back, we are giving increases to the government.

The Washington Post, just after the House passed the stimulus—and they supported it, but they said it would mean “a massive financial windfall”—that's the words they used—“a massive financial windfall” for Federal agencies. So that is who is coming out good in this, the Federal bureaucrats, Federal agencies. And this area, which was already one of the wealthiest areas in the country, is going to come out just fine under this stimulus package and under this increased spending we're doing.

But about the time we were voting on this stimulus package, 203 leading university economists ran a full-page ad in the Washington Times and they said this: “We, the undersigned, do not believe that more government spending is a way to improve economic performance. More government spending by Hoover and Roosevelt did not pull the United States economy out of the Great Depression of the 1930s. More government spending did not solve Japan's “lost decade” in the 1990s. As such, it is a triumph of hope over experience to believe that more government spending will help the U.S. today.”

And these economists continued and said this: “To improve the economy, policymakers should focus on reforms that remove impediments to work, saving, investment, and production. Lower tax rates and a reduction in the burden of government are the best ways of using fiscal policy to boost growth.”

I will just wind up with a couple more comments. Edward Rendell, the Governor of Pennsylvania, when he was the Mayor of Philadelphia, testified in front of a congressional committee and he said this: “The problem with government is that there is no incentive for people to work hard, so many do not. There is no incentive to save money, so much of it is squandered.” And that pretty much sums it up. And that pretty much sums up why the more money you turn over to the government, the less it helps the economy. It helps those who are in with the government, but if you want to really help the poor people and the lower income people in this country, then you will try every way possible to keep more money in the private sector.

We are going in the opposite direction today. I noticed that even the liberal New York Times reporter asked President Obama a few days ago if he was a socialist. And that is the path we're headed down. They may try to deny it. Socialism, though, has not worked anywhere in this world; if it had, the Soviet Union and Cuba would have been heaven on Earth.

I could say more, but I will stop because others want to speak. Once again, I want to commend my friend, the gentleman from Iowa, for bringing us together here tonight. Thank you very much.

Mr. KING of Iowa. I thank the gentleman from Tennessee for coming to the floor and engaging in this discussion.

Mr. Speaker, as we move through this and we get down to the last 10 minutes available in this hour, I would be happy to yield to the gentleman from Georgia (Mr. GINGREY).

Mr. GINGREY of Georgia. I appreciate the gentleman yielding.

I am very happy to be here this evening to address my colleagues on this important issue of the Fair Tax and pay tribute to our colleague from Georgia, Representative JOHN LINDER. Representative LINDER, from the Seventh Congressional District of Georgia, is a long-term Member of this body, is former chairman of the NRCC, long-term vice chairman of the Rules Committee, and now a member of the Ways and Means Committee. And Mr. Speaker, he knows of what he says in regard to the Fair Tax.

I think JOHN is absolutely right. And I am just, as I say, proud to be here and be his colleague and to have an opportunity to weigh in, in support of the Fair Tax. My only regret—or one of my biggest regrets—since I've been here is that when we had the majority on our side of the aisle, we lost the opportunity, didn't take the opportunity. It

wasn't because of JOHN's lack of ethics, however. And I think he is absolutely right; if we live long enough—Lord willing—we're going to see the elimination of the 16th amendment, and that is, obliterate the income tax and replace it with the Fair Tax. I think this country will be much more competitive.

I could stand here and take up the rest of the time, but I know my other colleague from Georgia is here and he wants to speak.

I want to thank the gentleman from Iowa for conducting this Special Order tonight. And I thank him for the time that he gave me to weigh in, in support of JOHN LINDER and the Fair Tax. And I yield back.

Mr. KING of Iowa. I thank the gentleman from Georgia, my good, long-time friend from the first day I arrived in this Congress. I look forward to more of these opportunities in this fashion.

To conserve our time, I will happily and quickly yield to the gentleman from Georgia, Dr. BROUN.

Mr. BROUN of Georgia. I thank the gentleman for yielding.

Mr. Speaker, I believe that if a study were done on facial expressions made during a word association test, the results would show that most people's facial expression given the word “taxes” would be strikingly similar to that as when they were asked to recall the last time that they stubbed their toe or they smashed their finger with a hammer. Just as each physical injury has left a memory of pain and discomfort, so has each tax season burned a memory of stress and anger into the minds of most Americans.

As many of you may know, I am an original-intent constitutionalist. I believe the Federal Government was not established to tax and spend; it was established to protect freedom and liberty. Yet, here we are today trying to solve our Nation's economic woes through an outdated and failed philosophy of more taxes, more spending, more borrowing, and an overall belief that more government is the solution. How many times, Mr. Speaker, will we hit ourselves in the thumb with an economic hammer before we realize that this is not the way to approach our problems? As the great Winston Churchill once said, “For a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle.”

With the tax filing deadline just around the corner and many Georgia families struggling to figure out how they will pay off Uncle Sam this year, now is the time to do away with our terrible tax system, scrap this tax-and-spend mentality so we can go about a better way to get this country back on track.

Mr. Speaker, I would submit that one great way to reform our tax system would be to institute the Fair Tax, which I'm an ardent supporter, a system that would replace all Federal

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Mr. Speaker, I would submit that one great way to reform our tax system would be to institute the Fair Tax, which I'm an ardent supporter, a system that would replace all Federal taxes with one single retail sales tax. Just imagine the money that would flow into our economy if hardworking Americans were actually allowed to keep more of their money that they earned, if they didn't see increasing amounts being taken by a government that can't even pass a balanced budget, much less operate on one.

□ 1730

However, it would be foolish to only discuss reforming our tax system without addressing its soul mate, and that is government spending. Skyrocketing growth in government spending by both Congress and Presidents, regardless of political party, has grown to a level of astronomical proportions. Spending by the Federal Government has more than doubled since 1980 and tripled since 1965. Recent history has shown us that cutting taxes is not a viable solution if we do not also address our gluttonous spending.

This government exists for the sole purpose of serving the people, but for too many years, government has been merely serving itself. It has taxed and spent itself into a debt that shows no signs of receding.

You see, this is something that seems to have been forgotten by Congress and by this administration. To spend these huge increases as they are proposing, they must first take it way from people through taxes. And what happens when there are not enough taxes to cover all the increased spending? They simply increase taxes, often through new and creative methods, while also increasing our Federal debt.

In 1930 the U.S. Tax Code was a brisk 500 pages long. Today it has swollen to more than 45,000 pages, full of provisions that too often produce negative results. A Fair Tax system, empowering the American people to decide how much taxes they'll pay through their own purchasing decisions, will force this spending-engorged government to change their ways and enact fiscally responsible budgets.

In addition, a Fair Tax system will move the responsibility of taxing citizens back to the States, simplifying the process, and remove the temptation by Congress and the administration to feed their growing appetites at the smorgasbord that is our current tax system.

Often when I'm at home talking with my constituents in Georgia about taxes, I tell them if 10 percent is good

enough for the Lord, it ought to be good enough for Uncle Sam. We have to reduce the size of government and government spending to achieve this heavenly goal. Under the original intent of our Constitution, 10 percent would be more than enough to fund all of the functions of the Federal Government as envisioned by our founders.

I call on my colleagues to listen to the American people who are demanding a better system. We can and should give it to them by reducing Federal Government spending and reforming our tax system by enacting the Fair Tax.

I congratulate my dear colleague from Iowa for allowing me to speak and bringing this very, very important issue to the forefront of the American people.

We have to stop spending. We are spending too much. We are taxing too much. We are borrowing too much. And it's going to kill our economy. I call this a steamroll of socialism being shoved down the throats of the American people that's going to strangle our economy. It's going to slay the American people economically if we don't stop it. Thank you so much.

Mr. KING of Iowa. I thank the gentleman from Georgia for coming down and joining in this discussion, Mr. Speaker, and I am hopeful that we will have many more like this.

I want to reiterate a point that I made at the conclusion of Mr. LINDER's delivery, and that is, as he went down through the list of all the taxes that get eliminated, corporate and personal income tax and payroll tax and inheritance tax and the list goes on and on and on, the Fair Tax provides an incentive for earnings, savings, and investment. Here's my point, and I want to make this clear and I will stand on it and I'll defend it and I have made this statement across the country, and it is this: The Fair Tax does everything good that anybody's tax proposal does that is good for our economy and the American people. It does all of them and it does them all better.

Now, that sounds like a real big position to take, and I'm taking it because I'm solid in that, and I'm happy to debate that. I'd be happy to debate anybody from the other side of the aisle that can come over here and tell me that any part of that's wrong and then let's have that discussion. When you take the punishment off of people who are producing, earning, saving, and investing, and you let them earn, save, and invest all they want to produce, and then you provide that incentive for that savings and investment on the other side, as John Linder said, the Fair Tax eliminates the taxes on capital and labor.

Now, Adam Smith said the sum total of the cost of anything that you produce or buy is the cost of the capital plus the cost of the labor. But we are taxing all capital and labor in America under the Federal income tax along with the whole array of other

Federal taxes that we have. We have to be able to give that all back and let people earn, save, and invest all they want to earn, save, and invest. And I just urge that this Congress take a look at this Fair Tax. And let's get some hearings. Let's get something moving through the Ways and Means Committee. Let's continue to make this point.

Also, I will say this: I came to this conclusion in 1980. That's 29 years ago. I have looked at this Rubik's Cube of the Fair Tax every way I can possibly turn it. I turn it one way and another way. The colors show a little bit differently, but every time I turn it again, it looks better and better and better. The more I know about it, the better I like it. And I don't know if anybody has studied it as long as I have, 29 years, before there was anybody that had any science, any background on this. I took this to the people and economists and the tax lawyers that I knew.

I yield to the gentleman from Georgia.

Mr. BROUN of Georgia. I thank you for yielding.

I want to just point out that you have been a leader on this Fair Tax and trying to offer solutions. Republicans have offered solution after solution after solution to energy, to housing, to taxes, to the spending; and the leadership has totally denied us from bringing this forward to the American public. And I congratulate you for being a leader in this regard.

Mr. KING of Iowa. I thank the gentleman from Georgia and all the participants.

#### THE SUBPRIME HOUSING CRISIS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 60 minutes as the designee of the majority leader.

Ms. KAPTUR. Mr. Speaker, I ask unanimous consent to include extraneous material in the RECORD thereof as I proceed this evening.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

Ms. KAPTUR. Mr. Speaker, as our economy continues to oscillate, and the world markets with it, it is good to remind ourselves of some economic fundamentals so we can fix what ails us. Let us return to the opening fact: The proximate cause of America's downturn is the subprime housing crisis. It is not abating. Until America addresses that, our economy will continue to bleed.

Washington is obstinately refusing to address that head-on. Six thousand six hundred homes enter foreclosure across this country every day. That is one home, one family every 13 seconds. Instead, Washington seems to still be just picking at the edges of the glaring headlights facing us.