

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

KEEP AMERICA COMPETITIVE IN THE GLOBAL ECONOMY

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

Ms. KILROY. Mr. Speaker, I rise today in strong support of the America COMPETES Reauthorization Act, legislation that will create jobs, strengthen our commitment to innovative research, and invest in education to keep our country competitive in the global economy.

Over the last century, America has been the leader in technological and scientific innovation. However, other nations are making investments in their own research capabilities, and we must rise to meet the challenge and insure that we remain the world's leader in innovation and learning while revitalizing our economy and creating jobs in our community.

I am part of the Congressional Competitiveness Task Force, and I also hold hearings on this issue in my own community and recently had the opportunity to meet with executives from the Silicon Valley. They tell me that innovation and research and development is necessary to get America moving again and our economy and keep America the leader in technological and scientific innovation.

The America COMPETES Act will create jobs by strengthening our manufacturing sector. It guarantees loans to small- and medium-sized manufacturers that create innovative products, supports research for transformative advances in manufacturing, and supports the Manufacturing Extension Partnership program so it can continue to meet the needs and challenges of manufacturers today.

The America COMPETES Act also makes investments in clean energy technologies that will help create jobs and secure our long-term economic growth. As China, Brazil, and other countries make huge investments in this growing industry, we must ensure that our country does not lose its competitive edge and fall behind in its technological capabilities.

The America COMPETES Act reauthorizes the Advanced Research Projects Agency for Energy to support high-risk, high-reward energy technology research and establishes Energy Innovation Hubs to support collaborative research and development of advanced energy technology.

Building a workforce that would be competitive in the world global marketplace also requires investments in science, technology, engineering, and mathematics education at all levels of our education system.

The America COMPETES Act updates the Robert Noyce Teacher Scholarship Program to help train secondary

teachers to teach STEM in high-needs schools, provides grants to encourage students to major in science, technology, engineering, and math fields, and establishes fellowships for graduates in these fields to lead the way in education research in these areas.

The America COMPETES Act will strengthen diversity for science, technology, engineering, and math students, increasing the participation of women and minorities in the classroom and the workforce. And it increases funding for research reauthorized by the Department of Energy's Office of Science, the largest supporter of physical science research in our country, the National Science Foundation, and the National Institute of Technology, with the intent of doubling funding they receive over the next 10 years.

□ 2015

The research they support will create the innovative technologies of the future and drive students to become the scientists and engineers our country needs.

Chad Bouton, recently named Inventor of the Year by Battelle in my district, is a shining example of this. His work on processing algorithms makes a product called Cyberkinetic Braingate possible, a medical device that allows people to control computers by their thoughts. This has incredible implications for paraplegics who are confined to their wheelchairs, for veterans in need of realistic, functional prosthetics. This is the kind of research we need that not only leads to incredible innovations, but will inspire students with the possibilities of what they can achieve as scientists and researchers themselves.

We have a key opportunity as the economic recovery takes hold to make essential investments that will keep our Nation competitive and secure its long-term economic growth. The America COMPETES Act is supported by the U.S. Chamber of Commerce, the National Association of Manufacturers, the Ohio Business Roundtable, Ohio State University, and hundreds of businesses, professional societies, and institutions of higher learning across the country.

I am proud to cosponsor this bipartisan legislation, and I urge my colleagues, tomorrow when it comes for a vote, to support the America COMPETES Act.

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

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

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

(Mr. BURTON of Indiana addressed the House. His remarks will appear

hereafter in the Extensions of Remarks.)

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

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

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

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

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

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

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

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

JOBS AND OUR ECONOMY

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

Mr. AKIN. Mr. Speaker, thank you very much for recognizing me and allowing us again on a Wednesday evening to explore the interesting question that has certainly been much in the minds of Americans over the last couple of years; that is, the situation of jobs and our economy. Particularly, what is the connection between jobs and the economy, and what is going on? Do we have reason for hope? Are things turning around or not? And we continue as Americans to ask, where are the jobs? Because there are many, many people who are unemployed, and many people who are unemployed for more than a year are no longer counted in our statistics, which suggests that the unemployment rate is somewhere in that 9 percent or 10 percent area. So the real unemployment rate is probably higher. That is a reason for people to be concerned, if you have a job.

If you don't have a job, it is not a matter of concern; it is a matter of a serious crisis. And there are many people who are struggling with that, and we are going to take a look at that this evening and also take a look at what are the various factors that influence the fact that we don't have jobs, whether we are doing the right or

wrong things, and also the curious phenomena that we are seeing now, where, from a policy point of view, we are doing many things that are very destructive to job creation, and yet the economy seems to be coming back to some degree. What is that? What drives the economy? And, why would Wall Street be having things look good for Wall Street when so many people are out of work? We are going to take a look at those questions this evening.

Starting off, I have depicted here: The lower part of this graph is the net jobs gained or lost. This centerline here is zero jobs. We haven't created any jobs, we haven't lost any jobs if you see a bar that is near this centerline. This is going back to 1993.

We come here: 2001. It was the recession when I was first elected to Congress. In 2001, we were losing jobs. And you can see those. We inherited a recession from the last days of the previous administration. George Bush came to office here, we were losing jobs, and we had to do something to try to turn the economy around. You see, something was done. The economy turned around.

Now, the next and last section of the graph is 2009, and you can see the tremendous number of jobs lost over here, the jobs lost again being the lines under the graph, showing that these are thousands and thousands of jobs that are lost. So this graph here shows the fact that we do have a great deal of job loss. The graph up above is a little bit more complicated. We don't need to get into that for a moment.

So how is it that this whole situation came to be, and how did we get into the problems in the first place? Well, it started some years ago for this particular recession. It was brought on, as you recall, you have probably heard some discussion about the word ACORN or about Freddie and Fannie. The details of this whole situation may seem a little bit hazy to you. That is all right. A lot of things go on, and it is hard to keep track of everything. But the recession really got started because of a combination of several things that happened.

By and large, if you are looking at somebody to blame, you should be looking here. You should be looking at the Federal Government. It was policies of the Federal Government that created this problem, the unemployment problem and the turndown in the economy.

Well, exactly what happened? Well, what happened was, going back many years, people got the idea that it would be a good idea for banks to loan money to people so people could buy houses. But there are some people who economically are not in a very strong position to be able to continue to make their mortgage payment month in and month out. So Congress, in its wisdom, made the decision that we were going to force banks to make loans to people who were bad loan prospects. That means that there was a high chance that they could not repay the loan.

Now, I suppose this was done in the name of compassion or whatever. I am not sure how compassionate it is to put someone into a loan that they can't afford to pay for, but that is what we actually instituted into law. So we had the situation ticking along like a timebomb.

By the time President Clinton was in his last year, he increased the percentage of the loans that had to be made to people who couldn't afford to pay them, so the bankers were going out making loans to people that couldn't afford to pay.

You say, well, why would a banker do that? Well, part of the reason is because a banker could pass the loan on through to Freddie and Fannie. Freddie and Fannie were two quasi-public organizations. They acted like private companies, but there was always this implicit guarantee that if anything happened to Freddie and Fannie, the Federal Government would come in and bail them out.

Well, so what happens? You put that in combination with another thing that was going on, and that was this recession here. The Federal Reserve, first of all, created money, but they also particularly reduced very much the cost of money to banks. So you had almost a zero interest level and you had a lot of liquidity looking for someplace to invest money. So what did people invest money in? They invested money in houses. So everybody started buying houses, and housing prices went up and up and up.

I came down here by 2004 or 2005, and I thought I was the dumbest Congressman in the entire House because I hadn't bought a multimillion dollar house and watched it double in 4 or 5 years. But of course, when you see something expanding that rapidly, it suggests you may be dealing with a bubble, and of course that is what happened: The housing bubble popped.

So it was a combination, one, of policies created by Congress requiring loans to be made to people who couldn't afford to pay them. And as the housing bubble popped and the housing values came down, all kinds of people were like, when the music stops, who is left without a chair?

So the economy starts to take a beating, and the group that was pushing very hard for these loans to people who couldn't afford to pay them of course was ACORN, someone certainly that the President was closely associated with. And was this a big surprise to lawmakers? Well, it really wasn't to many.

In fact, if you take a look at that great conservative oracle, The New York Times—I say that somewhat sarcastically—you find on September 11, 2003, as early as September of 2003, President Bush was saying to Congress, “Give me authority to work with Freddie and Fannie, because they are spending too much money.” And so the Congress did that. The Republicans were in charge here in the House.

We passed a bill, it went to the Senate, and it was killed in the Senate because the Republicans did not have 60 votes in the Senate. And so this ticking timebomb continued to tick. We did not deal with the financial mismanagement of Freddie and Fannie until the train came off the tracks somewhat down the line.

That may be a brief version, but it gives you a sense as to how things got started. And it wasn't problems with free enterprise, it wasn't problems with businesses much. It was made right here in this Chamber.

I am joined by a fantastic Congressman from Illinois, somebody who is highly regarded, a graduate of West Point, which we won't hold against him even, and it is Congressman SHIMKUS.

I would be delighted to hear your perspective on where we are going with these things.

Mr. SHIMKUS. I thank my colleague for giving me some time. I am joined with some high school students from North City, Illinois, which is a small rural community. The thing that is worrying them and they are focusing on is, where are the jobs going to be?

And I always come back to over this last year and a half: What have we done to help create an environment? As you know, and you have got a great background in this, there is a simple statement: If you want employees, you have to have employers.

Mr. AKIN. That is a profound statement that you just made. It is so simple, and yet we forget it. Don't we?

Mr. SHIMKUS. Well, we forget it, and we drive them out. You look at what we have done with the bailout of Wall Street. What we actually did was we established a premise of too big to fail, and then we bailed out the huge, powerful, big Wall Street banks. And who is paying the fare? Our small community banks, with new insurance premiums, and they are the ones who loan to small businesses throughout small-town rural southern Illinois.

And then we bring up a cap-and-trade regime on a false premise of carbon dioxide as a toxic emittent. We say we want to tax carbon. What does that mean? Higher electricity prices, higher gas prices. That is not a good signal for people to invest and take over this if they are going to get a return investment.

Then, we do the fraud of all frauds, and we say we are going to provide health care to all Americans, and we are going to cut Medicare \$500 billion, we are going to raise another \$500 billion in taxes, and we are going to create a system that really is unsustainable.

And the business community is saying, time out. I am not going to take any risk until this thing all sorts out.

So it is unfortunate, when we really need jobs in America, that our response here in the past 18 months is to send every signal against those.

I want to finish with the statement that if you want to pay for government

services, you have to have the private sector that is earning money to pay the taxes to pay for government services. Government employment, government jobs is not going to be able to pay for government services.

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Mr. AKIN. Well, you know, you have just made a whole series of very, very excellent, really commonsense kinds of points. And in summarizing what you said, many people have likened that our policy for the last year and a half is the equivalent—it's tantamount to declaring war on business. Now, you can't declare war on business and then complain that there aren't any jobs around. It just doesn't make sense.

Now, supposedly the President was going to do some "Meetings on Main Street" about unemployment. So a couple of weeks ago, we had a meeting across the river from you, gentleman, on Main Street in St. Charles, and we invited about 30 or 40 business people, some bigger companies, smaller companies, and we asked them, What are the most important things to get right, for us to get right down here in order to create the environment where the private sector could create jobs? We can't make any jobs in the Federal Government. Every time we make a job, it takes two jobs out of the private sector, but we can set a proper environment for job creation.

So I asked it a little bit from a negative point of view. I said, What are the things that are most destructive to creating jobs? I have got a list of them here, but they put them in order—actually the order that I think is almost common sense. The first thing they said was excessive taxation. Now, starting on excessive taxation, everything that just came out of your mouth, gentleman, is another story of excessive taxation. You've got the Wall Street bailout. I think you mentioned that failed stimulus bill—I would call it a porkulus bill. The \$787 billion really turned out to be \$800 billion, and then you've got the tax on carbon, the cap-and-tax. That's something we passed in the House, but the Senate, fortunately, hasn't confirmed it.

You know, the President made a promise, he said, No one making under \$250,000 is going to need to worry about getting taxed, and yet we pass a bill that the poor soul that flips the light switch is going to be taxed. And then on top of that, we add socialized medicine. All of those things are massive taxes, and our small business people were saying, If there's one thing you want to do to create jobs, you do not want to bury the small business guy in taxes. Now, you know that. It's absolute common sense, isn't it?

Mr. SHIMKUS. Right. And as we follow the now health care law, it's hard for some of us to really—I mean, the reality is that the people who are going to have the most difficulty are the small businesses in complying. And, again, when you talked about small-

town rural America, you look at—we want to encourage people to hire folks. We don't want to discourage the centralized—and it's a sad state of affairs that the only place in America that you can go to find a job is Washington, D.C., and the only place that real estate values are high is Washington, D.C. We cannot continue to incentivize the national capital at the expense of Main Street USA.

Mr. AKIN. Right. The first thing is on the taxation point, why would taxation kill jobs? You know, if you think about it—first of all, let's say, whereabouts are jobs? Well, 80 percent of jobs in America are businesses with 500 or fewer employees. So as you're saying you've got these small business guys out there, and all of a sudden the government just lets them have it with a whole bunch of taxes, the small businessman, the profit that his little business makes is viewed as he made a ton of money.

Mr. SHIMKUS. If the gentleman would yield, in small town rural America, a big company has 25 employees, maybe 40 employees. I mean, they are the massive job creators of rural America. And I know the Department of Commerce has their categories of what defines small. Most folks in my congressional district—again, I have someone who joined me tonight—I mean, if someone had 500 jobs in any part of the district, that would be like a massive influx. And so that's where we need to get to. We need to provide the incentive. I'm not just putting just the national government to blame. The State of Illinois is one of the worst States for people to locate and create jobs because of additional things that you just highlighted.

Mr. AKIN. Is it tough on taxes?

Mr. SHIMKUS. It's tough on taxes.

Mr. AKIN. Our businessmen said, That's the worst thing. I think their point was, You've got yourself a little machine shop or some business, if all your money is taxed away from you, you can't put a shed on it and add a new machine tool; you can't invest in a new process or a new idea or a new innovation.

We've got a guy in my district and he actually has a farm over in Illinois, and I just love innovation in Americans. This guy recognized that there is a material that nobody seems to want in our country, and it comes out of the south end of pigs. And it's kind of smelly stuff. He has found some way to put pig manure into these big kettles, run the pressure up and the temperature up and turn it into a crude tar which he uses to make asphalt to make roads. And we have a section of road which is a pig manure road which apparently our Department of Transportation says is pretty good quality asphalt. You know, that's the kind of thing, though, you've got to have money to invest in a new idea, and if the government taxes all your money away, how do you create those jobs?

Mr. SHIMKUS. And you have it up there too. I'm going to end with this:

uncertainty, because uncertainty creates a disincentive for people to assume risk. And if they're going to assume risk, that's where bailouts are a failed economic policy because there are two sides of that coin. If you're successful, we want those folks to be rewarded and be able to keep that earned money so that they can grow their business. But if they fail, they fail. Grant failed numerous times. Lincoln failed numerous times. The history of this country is rife with very successful individuals who were not successful in many businesses but didn't turn to government to ask for a handout.

I want to thank you. I wanted to come down and visit. I appreciate your yeoman's work on this, and thank you for your work.

Mr. AKIN. Well, I sure appreciate the way that you represent your district, and I know your constituents do. We're proud of you, and thank you for the fact that you bring that kind of common sense from the heartland here to the Capitol. We need a little more of that common sense. Thank you so much, gentleman.

So I was just running along. We talked about what caused all this problem. Well, a lot of it was government policies and the idea of giving people all these loans. They couldn't afford to repay them, and then you have everybody buying all of these different kinds of mortgage-backed securities. And the major corporations in America, the Wall Street corporations, started to fail and choke on these bad policies that are based on no common sense at all.

So now you have what's happened before in America and, that is, you have a recession going on. So the question is, What do you do if you've got a recession? And different Presidents have had different approaches to that. But what we have seen, as we've just been talking about, is we have done about everything on this list which are things that are going to kill jobs. We've done everything policy-wise wrong. We could hardly get anything more wrong.

First of all, according to the small business people in our community, the excessive taxation. Well, let's talk about what the taxation was. Well, you've got the Wall Street bailout which is basically creating a whole lot of the government debt which is going to have to turn into taxation. You've got the taxation of the cap-and-tax bill that they're talking about. You're going to expire taxes on capital gains, dividends and death taxes. Those taxes are all going to go up next year. And then you've got the tremendous taxes that are inherent in the socialized medicine bill. So you have a whole lot of taxes coming down on the owners of businesses. That's a job killer.

The next thing that my constituents said that was a major part of the problem was the insufficient liquidity. A businessman needs to be able to get

loans from a bank. He doesn't want big ones. He usually gets a loan for 3 to 5 years and has to pay a pretty decent percentage to the local bank to get those loans. Well, what's happened is that we have tightened up the security and the requirements for lenders in small banks so tremendously heavily that it's very hard for small business people to be able to get loans. They can't borrow money, or the money they used to be able to borrow, they're paying twice the interest rate for the money. So the liquidity is a big problem. Insufficient liquidity is a big problem that small businesses are having.

They're having liquidity problems, tax problems. The economic uncertainty—of course all of these massive bills like socialized medicine, those are things that create a lot of uncertainty. So if you're uncertain as a small businessman, what you're going to do, as we say in Missouri, you're going to hunker down. You're going to avoid making decisions. You're going to try to preserve your capital and try to do what you can to ride out the storm. So that's the economic uncertainty that has been created.

And then the red tape is another one that they mentioned. Excessive government mandates and red tape. That's particularly deadly to small businesses because a big business could have a red tape department, but a small business can't afford to have that kind of overhead in terms of management staff. So red tape is also very much a job killer.

Now we have employed all of these tools in the last year and a half and essentially declared war on business. So why in the world would we want to do something like that? We shouldn't be doing it. The result then is that we have created an environment to make a recession that could have been bad, we've made it worse. We were told in the recovery plan, in the beginning of the year in 2008 and 2009 here, we were told that if we don't pass the recovery plan—I guess they call it the stimulus plan—if we don't pass this thing, we're going to have unemployment as high as 8 percent or 9 percent if we don't pass it. Well, on a totally party-line vote, the Democrats passed this bill, and our actual unemployment has gone up like a skyrocket. And why is that? Well, it's because obviously the stimulus bill didn't work.

Now, should we have known it wouldn't work? Of course we should have known it. We could have gone back to the days of FDR who also had a recession that he turned into a Great Depression because he used a wrong economic theory. And what was that theory? Well, it was the idea that if the Federal Government just spends money wildly, it will improve the economy because as the government starts buying, they'll get everybody else buying, and the whole economy will take off and do well.

So that was what Henry Morgenthau, with the advice of Little Lord Keynes, did just prior to the Great Depression.

So at the end of about 8 years of tremendous pain and suffering where the small businesses were not just hunkered down but were out of business, then what happens is, this guy, Henry Morgenthau who was Secretary of the Treasury under FDR, comes here to Congress. He talks to the Ways and Means Committee, and he said, You know, we tried spending, and it doesn't work. It just doesn't work. And he said, What's more, we're tremendously in debt as well. So that goes back to basically World War II days that shows that this idea of the stimulus bill just doesn't work. It's not the right way to do it.

Now, is there a way to deal with a recession that comes along? Well, the answer is yes. It's been tried by quite a number of different Presidents, and the various Presidents that have been most successful in stopping these recessions, one was JFK. Now, of course the Democrats run everything down here. Republicans in the House are 40 votes short of the majority, so we don't have a lot to say about these different bills that were passed, and the same thing is going on in the Senate, and of course there's a Democrat in the Presidency.

Now, is there an approach that they could do? I have been critical of Democrats, but not because of the fact that I have anything personal but because the policies have been hurting our country.

Here is a case, JFK, who is a Democrat, that did the right thing. They should have learned from him. And what did he do? He cut taxes. How does that help? He cut taxes. You've got problems all over. The government should be spending money and things. If you cut taxes, what happens is, it leaves more money for that small businessman to invest. As he invests, it creates jobs. As more people have jobs and make a good income, they pay more in taxes. So it's an ironic effect of economics that you can actually reduce taxes and increase government revenue. We saw it happen under the Bush administration. JFK of course was followed by, you know, Ronald Reagan and Bush. Both of them used the same approach. By cutting taxes, they turned us out of a recession.

You could see that on the first chart that we had. You can see that this recession that President Bush inherited here, he had in 2001—and you have kind of lackluster job growth through 2002 into 2003. And then put the policies of these tax cuts, which he was able to get through the Senate. In spite of the fact that we did not have 60 Republican votes, we did get tax cuts through the Senate, particularly capital gains dividends and the death tax. And when we got that through, you can see that the recovery followed. And so that's the effective way, and I think it's not American even to be critical of a political party or somebody else's solution without proposing a better idea. So certainly the better idea is cut taxes. That's what always works. It's worked

in other economies and other parts of the world as well.

So here we've got actually a little bit of a cartoon of what's going on. Sometimes we have to laugh a little bit even though it doesn't seem very funny when you don't have a job. But you have the President here saying, Now give me one good reason why you're not hiring. Well, there are a whole bunch of good reasons in these bulls that are in the china shop. Certainly the health care reform is a huge tax, but it's also a tremendous amount of government red tape and an extreme, extreme incentive not to hire workers because you have to pay so much in health care if you are a small businessman with this new socialized medicine that has just been approved.

The cap-and-trade or cap-and-tax is the energy bill. Of course, most businesses use energy. So if you have an increase in the cost of energy, which this bill would do, you're taxing small business. And then of course you have other different taxes in the background coming in. So we're doing a lot of things that are absolutely the wrong thing to do. So that basically could be summarized as a war on business.

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We have talked about what the right thing to do is, which is to cut our spending and also to cut taxes. The point of the matter here is that our economy and these jobs all work according to basic principles of economics.

So now we come to, I think, a very, very interesting question, and this is the question: If we have been doing everything wrong, which I would suggest from a policy point of view we have done about everything wrong. We have created red tape. We have created tremendous taxes, and we are not allowing the liquidity that the businessmen need to make jobs. On top of that, you have a high level of uncertainty and excessive government spending. If we are doing all of those things wrong, how come it seems like the stock market is bouncing back and it seems like we are starting toward a recovery in appearances? That becomes kind of an interesting question.

If what I am saying is true that we have done all of the wrong things for businesses, and if you check with almost any small business man in America, they would say yes, you do not want to increase taxes and uncertainty and government red tape. You want small business men to have access to capital and liquidity, and all of those things, if we haven't done a good job, are problems. Almost all small business men will say that is common sense, and if you want jobs, you have to have healthy businesses.

How come is it, then, that it appears that we are pulling out of the recession and starting to do better? Well, obviously the answer to that question is that there are some other things that also affect our economy. In fact, there

is another thing that is even stronger than all of the policies that are so important that we get right down here. What is that force that is so powerful? Well, in a way, you could look at it as the crack cocaine of our economy. Think of it for a minute that there is a person standing there. They are in need of a seven-way heart bypass and they have diabetes and they are getting older. So they are not too healthy. But with a little crack cocaine, they think they are Superman.

Well, we have the equivalent of crack cocaine in our economic system in America, and that is the Federal Reserve. And their crack cocaine is to increase the money supply. It used to be called "running the printing press," except today we don't run printing presses. Things are just recorded. But the point of the matter is that the Federal Reserve has created a tremendous spike in liquidity to try to deal with the tough times in the economy.

On top of that increase in liquidity, they have dropped the interest rates down very low toward zero. What that does is it creates all of this easy money that is looking for a home, and that has a tremendously stimulating effect on the economy, a little like crack cocaine does to somebody who might otherwise be sick.

So, when we have done this in the past, we run into these bubble cycles where you have easy money at a low interest rate. There are people who have access to that money, and they want to buy stocks. They find something they want to buy; they bid it up. It goes up, up, up, and then the bubble collapses. We saw it with the high-tech stocks, and we have just been through it with real estate. People who had a lot of money, particularly low interest rates in 2004, 2005, they go out and buy real estate because what is more solid and American and reliable than mortgages of Americans for their own homes? It has been a very steady business.

Well, you have to watch out when you see money get too easy to be made. You saw home prices in many areas double, and then the top blows off. That is created by this easy money, or what I would call the crack cocaine of our economic system. That is what is going on right now. That is why you see Wall Street apparently seeming to do better, the stock market seeming to go up, and yet all of the policies from a logic point of view that are necessary for a healthy business environment and for lots of good-paying jobs, those policies are not in place and they are being ignored.

In fact, it is almost ironic. The President made a statement, and I had it on a chart last week. He said the government can't so much make the jobs, but we need to set the environment so there is the proper environment for job creation. He was exactly right on that. And then he turned around and has advocated every single policy that he has been advocating, all of his priorities

are going to have the net effect of destroying jobs. So there is a little bit of a dichotomy here.

Now, I have been critical of Democrat policies, not because I don't like Democrats, and maybe I ought to make it clear. Everybody that I know of in this Chamber here, there are a lot of fantastic people, and I don't know of anybody who wakes up in the morning and thinks, How I can mess up our country? Nobody thinks that way, but the point of the matter is there are policies that work and there are policies that don't work. The policies that work to create jobs is you have to get off of the big spending and you have to back off on taxes. If you do that, you will actually get more revenue and you can pay for more government services.

Let's take a look at what I am talking about, big spending. Many people felt President Bush spent too much money; in fact, he probably did. These blue lines are President Bush, and these show what the deficit is by year. If you take a look here, the very worst Bush deficit was this year. It is shown in red because this was the Pelosi Congress with Bush as President. He was somewhere just about \$450 billion of deficit, which was President Bush's worst deficit. So he spent more money than we had, and that wasn't a good thing to do. He had two wars going on, and we were just coming out of a recession. Anyway, his worst spending year was 2008.

Now we come to Obama's first year as President. What we find is that now the deficit has more than tripled in 1 year. So we go from \$450-some billion under President Bush, which was about 3.1 percent of our gross domestic product, which is about average, really, for some of the deficits that various Presidents have run. The deficit is about 3 percent of our gross domestic product. The next year, under Obama, the deficit, and PELOSI and REID, the deficit triples to \$1.4 trillion.

Now, what does \$1.4 trillion mean? Well, it is three times bigger than Bush's worst deficit, but as a percent of GDP, it is 9.9 percent of GDP. That is the highest since World War II in terms of government spending.

So this is not the thing to be doing when there are not a lot of jobs and when businesses are being hammered. We don't want to be running that kind of spending, and that kind of spending tends to lead to all kinds of taxes. What happens is you can take a recession and turn it into a Great Depression by using the wrong policies.

Now, one of the things that I hear sometimes from people, and I think it is a fair and a good question, and that is: Okay, Congressman AKIN, you are criticizing some of these Democrats, but I think you have a short memory. Don't you remember that the Republicans used to be in charge of 2001 through 2006? You were in the majority. What kinds of things did you do?

Well, when we were in the majority, we did a lot of things that nobody

knows anything about, but they were not actually such bad policies.

In the case of health care, for instance, did you do anything in health care? Yes, we did. We passed a number of bills to move forward with associated health plans. That was something where small businesses could pool their employees together and get a better price on health insurance.

What happened to the bills that the Republicans passed in the House? They went to the Senate.

What happened in the Senate? Republicans did not have 60 votes in the Senate, so the bill died for associated health plans. It was brought up numerous times.

We had bills to change tort reform. They passed in the House and they went to the Senate. What happened in the Senate? You guessed it. We didn't have 60 votes and they were killed in the Senate.

We had bills to protect against the problems of Freddie and Fannie. The Republicans passed a bill to create more government control of Freddie and Fannie because they were cooking their books and they were not solvent the way they should have been. Guess what happened to those bills over in the Senate? Because we did not have 60 votes, they were killed by Democrats in the Senate because we didn't have enough to get to 60 votes.

We also passed a number of energy bills in the House to protect against spikes in gasoline prices that we have experienced. What happened to our energy bills? A number of them that were sent to the Senate, you guessed it. They were killed by Democrats in the Senate. In fact, people are surprised to note that there is more difference on a party-line vote on energy in the U.S. Congress than there is on the subject of abortion. Most people know Congress gets polarized on the abortion issue. They don't realize that we are even more polarized on things like energy. All of these different bills were passed in the House. And, of course, we did get some strong judges on the Supreme Court.

Now, one of the things that has always surprised me from a policy point of view—aside from the fact that we can't seem to learn from the other countries that have gone bankrupt and the States in America that are going bankrupt because they are spending too much money—why is it that we have so much faith in big government? That is something that is a real puzzle to me.

I think of another country that was founded on the idea of a great, great deal of faith in big government. This was a major world power, and their whole basic way of thinking about things was that the government is going to provide you with food, the government will provide the citizens with housing for a place to live, the government will provide the citizens with education so they can be well-educated, the government will provide

them with a job, and the government will provide them with health care. So this was the idea that big government is going to provide you with food and clothing and shelter and a job and education and health care. What was the name of this big country? Well, it was known as the Union of Soviet Socialist Republics, the USSR. It was done by the Communists, and they felt it was the thing that big government could be trusted to provide all of those nice things for citizens.

It turned out, as we took a look at it, that it wasn't such a nifty theory. It didn't work, and it created a great deal of poverty. And not only that, the people who had adopted that theory had failed to recall that historically one of the greatest dangers to human life is big government. Big governments have killed far, far more human beings of their own citizens than all of the wars of history. If you take the wars of history from the time of Christ forward, you will find that there weren't nearly as many casualties from war as there were just from the casualties of a couple of Communist dictators to what they did to their own people. That's not to mention the Nazis and other kinds of dictators that have likewise killed many of their own citizens.

In the case of Stalin, about 40 million people were starved in the Ukraine. And, of course, Chairman Mao, not to be outdone, is noted for having murdered about 60 million Chinese. That is more, the combination of those people under communism, under the big government theory, killed more people than any wars.

So why do we have so much faith in big government when we have seen its tremendous failures? And yet it seems over the past year and a half, the solution to everything is more taxes and more government. I don't see the logic of why we want to be doing that. So that is what is driving this tremendous Federal spending is this faith that big government has to do everything for us; and, of course, economically that is not a good approach.

The result is we have gotten into this particular situation here. This is the actual money that the Federal Government takes in is the blue dot, and the red circle here is the money we are spending. Obviously, if you look at this, you can see the blue circle is smaller than the red circle. That says we are spending more money than we are taking in.

What is that ratio? That ratio today is when the Federal Government spends a dollar, 41 cents of it is borrowed. Out of a dollar, 41 cents is borrowed. That is the difference between the blue and the red circle.

Where is the Federal spending going? It is going to Medicare and Medicaid, which are now mathematically broken. Over time, if you run what is happening with these programs, you don't change the programs any, you just have more and more people asking for services out of these programs, that, in

combination with Social Security, the dark red here, is growing at a rate that you could get rid of defense, nondefense and everything else, and you are not going to have enough money to run the government.

This is really a crisis, and it is a little bit ironic that when the Federal Government cannot run health care, that is Medicare and Medicaid, which is currently the Federal Government's responsibility to be running Medicare and Medicaid, although Medicaid is passed on to the States to a degree, too, that we cannot run that well, and so what do we do? We are taking all of that over and have the government run all of health care with this new socialized medicine bill. Certainly the solution to that bill is only one thing: It must be repealed. It is the worst piece of legislation I have ever seen in Congress, and I believe that there are many, many other people who have the same opinion that the solution for America to move forward with decent health care has to start with a repeal of socialized medicine. You can see we are not running medicine too well with the government even before socialized medicine, and that is the problem with this excessive spending.

□ 2100

And what happens then too is as the government grows and grows, you take money away from small businesses. First of all, they hunker down. They don't make decisions. They don't make jobs. They lay people off. But eventually you could make them sick enough that they close their doors. And guess where the jobs go? There will be jobs, they just won't be in America. They will be overseas. And that's the problem with the excessive taxation and the war that's going on in our economy on businesses and jobs.

People have taken a look at various countries and looked at this problem with excessive government and the regulations and the increases, and we can see in 2001, that the United States was sixth in terms of an economic freedom index. I think this is calculated by the Heritage Foundation. And they took a look at all kinds of things like taxes, redtape and a whole series of other factors, and the United States is sixth with the particular list they calculated. We've dropped, just in 10 years, to eighth, behind several other countries.

And one of the things that a lot of the European countries have discovered, and it's a little bit ironic because we always thought of them as being much more socialistic and Big Government in their solutions. They're finding that they're in a race to try to cut back on taxes on business because they realize businesses are the keys to prosperity, both in terms of jobs, but also in terms of government revenues.

You have to remember that when the economy is sick, the State governments really take a beating, and so does the Federal Government. In fact,

if you take a look at the early Bush years, 2001, 2002, what you found was the cost of the tax cuts that the Bush administration put together, including the cost of the two wars in Iraq and Afghanistan, that the total of that amount of money was less than the drop in revenue because of the recession.

So when you have a recession, it's not just small businesses. It's not just citizens that take a beating. It's also governments that don't have revenue.

So by cutting taxes all of a sudden, what happens? Well, what you find is that the government revenue starts to go up. You say, that's just like making water run uphill. Congressman AKIN, you're an engineer. How can you say something that seems to be so hard to understand? How is it that the government could cut taxes and actually increase their amount of revenue that they take in through taxes?

Well, the answer is pretty straightforward. If you think about it for a minute, pretend that you're king for a day and your job is to tax a loaf of bread. And so you're going to do—you've got to sort of think in your mind, now, how much tax am I going to put on a loaf of bread? Am I going to charge a penny per loaf? Or am I going to charge maybe \$5 for a loaf of bread for taxes? Well, you start thinking, if I do \$5 that's probably too much. People may not buy any bread at all. If I do a penny, I probably am not getting all the taxes I could get.

Well, common sense says that somewhere there is an optimum amount the government can tax something that's optimum in terms of how much revenue you can get. And what's happened is the government has increased taxes so heavily that we're way beyond the optimum. And so, by reducing the amount of taxes, you actually can increase the amount of revenue because, as the economy gets going, it generates more jobs, more prosperity. And as you take a percentage of that in taxes you end up, even though it's a smaller percent, you end up with more tax revenue for the government, which is what actually happened in 2004, particularly, and 05 and 06.

And so anyway, some of these different governments, these foreign governments are starting to realize, you know, the Americans were right all the time. JFK was right. Ronald Reagan was right. Bush was right. When you get in trouble, you want to drop taxes and cut government spending, and you don't want to get into this highly and excessive kind of government spending here. And so that's what they did. That's what many foreign countries figured out.

And here we go along, the USA, and our tax on corporations is the second-highest in the world. It's like we haven't learned at all from the lessons that Europe has been learning. And so that's something we need to be paying particular attention to.

Now, to add insult to injury, we not only are overspending, we're not only

overspending by looking at it in a different way, we're not only hammering businesses with all kinds of regulations, redtape, with a lack of liquidity, huge and high taxes, but now, we've gotten to the point where we're that cynical here in Congress that we're not even going to create a budget. It seems like I think it's the first time this has happened in a very long time, that the U.S. Congress is not going to have a budget for the year.

And maybe you could say, well, you haven't stayed in your budget anyway, so what's the point of creating it? But you've got to have some guidelines, some sort of rules that we're going to go by. And apparently, it's not in the cards that we're going to create a budget this year.

All of these things are very concerning. All of these things affect Americans everywhere. And they're things that it's right that the American public should be upset, should be concerned about these things. And there is certainly a level of fear and anger in the general public because of the fact that we're not really paying attention to our business. We're not really being responsible economically, with our constituents.

Now, all of this stuff about the economy, jobs, the Federal Reserve creating liquidity and low interest rates, I guess it can seem kind of mathematical or maybe even a little boring if it didn't have such a tremendous impact on the lives of everyday Americans and citizens.

I think sometimes it's helpful to put a picture on what we're talking about. And in my own mind, as a guy who's responsible for earning income for my family, the picture that I guess I live in fear of is a picture of a house with a sidewalk out in front, and the family furniture, like a sofa and an easy chair and an ironing board, and I don't know what else, sitting out on that sidewalk because I couldn't afford to pay the mortgage payment on the house. And so the house has been taken away from me and the family.

And I'm picturing a wife and some kids looking at Dad saying, now what are we going to do? Now where are we going to go? You haven't had a job in a long time, Dad.

And that's being created by the wrong policies right here in government. And it's that reason that there needs to be a change, and there needs to be a whole new look at what we're demanding that the Federal Government does.

What's happened is we have drifted from the idea of limited government, of the Federal Government primarily doing only the things that States cannot do for themselves. Originally, a couple of hundreds years ago the Federal Government was very boring. We only had about four laws to the books. We had a law against piracy on the high seas because that wasn't a State function. We had a law against counterfeiting because that wasn't a State

function to take care of that. And we had a law against treason because when somebody is a spy on America, they're a spy on the whole country. So there were a very limited number of laws at the Federal level. And all of the other kinds of things, things like murder and stealing and all those things, were all State laws.

Now we look at the Federal Government, and what do we want the Federal Government to do?

Oh, we want the Federal Government to do food, and we want the Federal Government to do housing, and we want the Federal Government to do education. We've just taken over almost all of the student loans in this last year or two, so now the Federal Government's in the student loan business. And we've got the Federal Government in the car-making and the insurance business and the flood insurance business. And we've got the Federal Government in the food business and in the housing business, in all of these different things, which never, never were dreamed of by the Founders, that the Federal Government would get into the health care business and all of these different things.

And so what's been the result? Well, the result, as you can see, is excessive spending. But it's been that chairs and furniture sitting out on the sidewalk, and the father trying to figure out, I've been looking for a job for over a year now, and I still don't have a job, and asking himself, what went wrong?

Well, an awful lot went wrong. It started right down here when we started imitating the socialistic Big Government idea that the government is going to do everything for everybody. And the fact of the matter is, the government shouldn't and it can't, and we are getting a real lesson in that in these very days.

And so it is that we've come taking a good look at where the problem started, the fact that we have done the wrong solutions, the solutions of excessive government spending, excessive taxation, taking away liquidity from small business people, and then, last of all, using the crack cocaine of the Federal Reserve to create tons of money and low interest rates. That will boomerang on us, just as crack cocaine does to a sick person, and it will continue to make our country sick until we can start to direct the Federal Reserve to control and regulate the supply of money in such a way that we don't create tremendous amounts of liquidity and inflation.

I'm joined here this evening on the floor by a good friend of mine, the Congressman from Iowa who's noted as a businessman, a man of a considerable amount of common sense, a man who's not shy about expressing his opinions. And so it's a treat for me to just welcome my good friend, Congressman STEVE KING, if you'd like to share a word or two. We're about to close up.

Mr. KING of Iowa. Well, I thank the gentleman from Missouri for heading

up this Special Order hour and for talking so much common sense into the RECORD himself. And as we watched, there are two different paths one can follow. The road that's being traveled by the Obama administration and the Pelosi House and the Reid Senate is a road down the path of Keynesian economics on steroids. And the path that we should have followed, and the path that we've got to get back to, is more of the Adam Smith, free market component of our free enterprise economy. And if we look at all of the components of this free market that have been nationalized, taken over, or are under a great threat of this Congress taking them over, we can add up, as I've many times said, the banks, the insurance companies, Fannie and Freddie and the car companies, the student loan program completely, the nationalization of our bodies under Obamacare, our skin and everything inside it. Now we have the financial services bill sitting over there in the Senate about ready to get shoved out of there and back here for a conference report, and it could end up on the President's desk. If we add all of that up, and if we add to that cap-and-tax, which is another huge endeavor on the part of the President, the Speaker and the majority leader in the Senate—

Mr. AKIN. Controlling energy, controlling health care, controlling every financial transaction, it's like three nets of oppression, isn't it?

Mr. KING of Iowa. Let me add up the percentages of the formerly private sector from a year and a half ago, and it comes to 74 percent of the private sector would be either nationalized today or nationalized with the two acts that are pending that they're trying to bring at us, that being cap-and-trade and the financial services, Mr. AKIN, and I'd yield back.

Mr. AKIN. Wow, that's incredible. Now, that's 74 percent of what used to be private a couple of years ago has been nationalized, or at least under heavy national regulation and control?

Mr. KING of Iowa. We are at least at 51 percent that has been nationalized, and that's the banks, the insurance, Fannie and Freddie, the car companies, and then Obamacare. That's 51 percent.

Mr. AKIN. Now, is that based on the amount of revenue that each one—the size of the business? Is that how you figured it?

Mr. KING of Iowa. It's based upon the private sector activity as analyzed by Dr. Boyle of Arizona State University, who's written the analysis and the article on it, Mr. AKIN.

Mr. AKIN. Wow, that's absolutely incredible. So just in the last year or two we've seen history being made.

□ 1715

Mr. KING of Iowa. We have seen history being made. And those things are what one would consider to be a done deal. And then we are on the cusp of the financial regulations, which is another 15 percent of the economy some

say. And then add to that another 8 percent, and which I think is a very low estimate of what cap-and-trade or cap-and-tax would actually do to us. So I don't know what's left. Whatever part of the economy they would like to take over.

But from my standpoint, every bit of free enterprise that's out there increases the vitality of Americans. They have got a reward for working and producing more effectively. It's not enough to work hard; you have got to work smart, too. And everything that the Federal Government takes over diminishes the vitality of the American worker and lowers the average annual productivity of our American people, which diminishes us as a people and reduces our gross domestic product and takes our standard of living down.

Mr. AKIN. You know, what you are talking about makes all common sense economically. One other thing, and I have heard people talk about this, you can take a look and see that we are not learning from history. You can see that socialized medicine didn't work well in England because you look at the cancer rates there. You take a look at Canada, their socialized medicine system costs them a fortune. When you get sick in Canada, you come down to America to get medical care. And you can see examples.

You can see examples of it not working in Massachusetts, not working in Tennessee. And yet we refuse to learn from it. It didn't work in the Soviet Union. We refuse to learn. And to some degree, you can say logically we should be smarter than to do all this socialistic stuff.

But there is another argument why it's not a good idea which I have not heard as often. Maybe it's a more emotional argument, but it is true nonetheless. And that is that it's stealing. It's stealing. When the government takes money that it's not authorized constitutionally to take, that it has no moral logical reason why the government should take money and redistribute money, it goes back to the argument between the President and Joe the plumber. And the President made it very clear. He said we think it's the job of government to take money from one person and give it to someone else.

Now, when and where does the government have the authority to steal money from one person and give it to someone else? If I beat you over the head and take your wallet, we call it stealing. But if the government takes your money out of your pocket and gives it to me, is it morally any different? It's still institutionalized theft. And fortunately, our Founders understood that.

They pitched socialism out with Governor Bradford in the 1620s when it was imposed on the Pilgrims by the loan sharks from England. They understood that not only did socialism not work, they tried it. They almost starved under it. They also knew that it was morally wrong and that it was institutionalized theft.

Mr. KING of Iowa. Is that the point in history when the first order came down no work, no eat?

Mr. AKIN. I think that the no work, no eat came a long time before the Pilgrims. As I recall, it was written in the Good Book.

Mr. KING of Iowa. But in the United States?

Mr. AKIN. That might have been a direct quote from Scripture, though. So that's good.

We are getting pretty close in time. Well, I am very thankful for the opportunity to share with my colleagues and friends my very deep concerns about the fact that we are doing the wrong things in the economy. And the solution is straightforward. It is cut taxes, cut government spending, and repeal the socialized medicine bill and get back to some sense of fiscal sanity and reduce the number of functions the Federal Government is trying to do. This isn't that complicated. It's been done before. There is all the precedent that shows if we do this it will work. But we are on the wrong track now.

I do thank my good friend from Iowa, Congressman KING, who has just been a stalwart of freedom and liberty. And God bless you and God bless the USA.

IMMIGRATION ISSUES

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.

Mr. KING of Iowa. Mr. Speaker, I appreciate the privilege to be recognized to address you here on the floor of the House of Representatives and the privilege to also have the gentleman from Missouri (Mr. AKIN) yield to me as he delivers the leadership hour presentation on the economic situation here in the United States and the opportunity to say a few words on that particular subject. And I may revert back to that subject, Mr. Speaker.

However, I would shift this subject a little bit over onto a subject matter that seems to be on the minds and lips of Americans all across this country. I have had the privilege to travel to some of the corners of America in the last few weeks and had my conversations in the coffee shops and in the restaurants and in city halls and in meeting places, and I was a little bit surprised that—I had had the perception that in my district immigration becomes an issue that is very much front and center, and I expect that's going to be the case in States like Arizona, California, Texas, those States that are border States, New Mexico, where you have a large number of illegal border crossings. But I didn't expect it would be the case in the Northeast, for example, and other places across the country to the intensity that it was.

I found that at every stop someone would bring up immigration. And it reminded me of the times in 2006 and in 2007 when this Nation debated immigration intensively and constantly at

every stop, even to the point where, as much as I like to talk about it, and as interested as I am in the subject, and since I am also the ranking member of the Immigration Subcommittee it's my job, Mr. Speaker, but in my town hall meetings in '06 and '07, in many of them I set the rule that we were going to talk about everything except immigration until we had dealt with everybody's concerns and issues. And then we would go to immigration to finish the time that we had left. And invariably, we would get to immigration and it would burn all the time that we had left because the American people are very intense on the immigration issue.

And we watched as Frank Luntz did a focus group, or at least one that I could see down in Arizona, he just came back from that recently, and we watched how that group itself was divided between themselves, with very intense emotions, most of them full of frustration and anger about the immigration issue, not in complete agreement on what to do.

It seems as though the Hispanics in America are where you find the objections to the enforcement of immigration law, the most vocal ones. And yet we also know there is a large number of Hispanics that many of them have been here for hundreds of years, their families have been. But I will submit that that doesn't get anybody anything.

I just shook the hand of an individual down at the Turkish reception tonight who is a naturalized American citizen as of about less than 3 weeks ago. And I would express this, that for any of us to argue that our ancestors have been here since the beginning of the Republic, the Daughters of the American Revolution, for example, and I am glad that they maintain those traditions. And it means a great deal throughout the families. And we understand that we have obligations that are generational that pass along because of the culture and the heritage of the family and the duty to our country.

But I recall standing in the Indian Room in the Old Executive Office Building as Emilio Gonzalez, the director of the Department of Citizenship and Immigration Services, gave a speech at a naturalization ceremony there which I attended for that purpose. And when he said to those gathered that were about to take the oath to become naturalized American citizens, he said, Look out that window. Look out that window. And when you look out the window, you look out at the White House itself and you see the vast south lawn and the south side and the west side of the White House. And he said, I want you to know two things. One of them is from this day forward you are as much an American as the person that lives next door. And he pointed to the White House, where President Bush lived at the time.

He said, when people ask you where are you from, don't tell them that you