

congressional approval rating is at 9 percent, because America watches as we come down to Washington and create Ponzi schemes.

It's just time to stop. It's time for common sense to prevail. Common sense is we have to stop spending more money than we have. We have to stop burdening the hardworking taxpayers of America. We have to balance our budget. We have to pass a balanced budget amendment so that future Congresses can't create more Ponzi schemes.

□ 1330

We have to deal with the debt and the deficit. Are they hard decisions? They certainly are. Are they decisions the American public expects us to come together and make? They certainly do. Let's rise to the occasion. I join with the President, who, a week ago, says let's work together to solve these problems.

Mr. President, you don't solve these problems by impeding people's First Amendment rights to freedom of religion. You don't solve these problems by proposing \$300 billion new stimulus spending in your State of the Union speech. You don't solve these problems by going out and doubling down on Solyndra. You don't solve these problems by denying the Keystone XL pipeline.

Mr. President, we're ready. Let's come together and solve America's problems.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. WEST). Members are reminded to address their remarks to the Chair.

JOB CREATION

The SPEAKER pro tempore. Under the Speaker's announced policy of January 5, 2011, the gentleman from Massachusetts (Mr. FRANK) is recognized for 60 minutes as the designee of the minority leader.

Mr. FRANK of Massachusetts. Mr. Speaker, preliminarily, I'm here to discuss today's very encouraging jobs report.

I am struck. The previous speaker said he would never engage in expenditures on a credit card when we were already deeply in debt on behalf of his family. I note that he was not a Member of the Congress when this Congress voted to go to war in Iraq, for example, and also in Afghanistan. I voted for the war in Afghanistan. I thought the war in Iraq was a terrible mistake and still do.

All of us who voted to go to war in Afghanistan were voting to go into further debt. War is very expensive. We don't want to send our young people into battle—and some of our middle-aged people—without the best possible equipment. So I thought we had to go to war in Afghanistan in self-defense.

I thought the war in Iraq was a terrible error. The majority of my colleagues, including virtually every Republican, voted to do that.

So this principle that you don't vote to spend money when you don't have it is apparently, for some, a fairly flexible one. In fact, not only did the majority at that time under President Bush vote to go into two wars, they did it while voting for several large tax cuts. So they were exacerbating that very difficulty.

As I said, I voted to go to war in Afghanistan. I was prepared to vote for some revenues to pay for it.

Mostly, though, I want to talk today about the very encouraging report we got today about the economy.

We are in the early stages of recovery. It's not going nearly fast enough. What is now clear is that the recession that President Obama inherited from the previous administration in 2009 when he took office was deeper than people realized at the time. It was clearly the worst economic downturn since the Great Depression; and, in many ways, it was more disabling in the sense of the interconnections, although overall it was not.

President Obama and others underestimated the depths of that recession. Many of us did. So the recovery has been slower than it should have been in the interests of the American people.

But the fact is, very clearly, it is underway. I want to talk about that, and I want to talk about what's retarding it.

One of the interesting things today was the jobs number: 257,000 private sector jobs created, a very significant number. Enough, if it is a pattern, that can continuously cut into the unemployment figure. But it was accompanied by a 14,000 job reduction in public sector employment; and that, unfortunately, is a pattern.

If you go back to the worst of the recession, the end of 2009—remember President Obama comes in in early 2009. We did pass an economic recovery package which clearly, by virtually every economist's acknowledgment, improved the situation. It didn't cure it. It didn't do as much to reduce the rate as had been hoped because the deficit in the economy was deeper.

But since that end of 2009 when things began to turn around after we had passed an economic recovery program that began to help, after a Federal Reserve under a Bush appointee, Ben Bernanke, reappointed by President Obama, continued its stimulative efforts, here's what happened basically since the last months of 2009 and the beginning of 2010:

We have had, in this economy, in the 2-year period, the creation in the private sector of 3.663 million jobs, approximately. You can't be exact. But over 3.6 million jobs. Unfortunately, during the same time period, a couple months earlier, public sector employment has declined by more than 550,000 jobs. In other words, if the public sector had simply been allowed to stay even, if there hadn't been firings of firefighters and people who shovel the snow and clean the streets and main-

tain the parks and teach young people and preserve law and order, if we hadn't fired police officers, public works employees, municipal engineers, teachers, sanitary workers, if we hadn't required them to be fired by a perverse set of Federal budget policies that had that negative impact on the municipalities, we would have had a half a million more jobs.

I'm not talking about the public sector increasing. If the public sector had simply been allowed to stay even, if this Congress had not sent money to build Afghanistan—futilely, in my judgment—if it hadn't wasted money on a war in Iraq that never should have begun and kept that money home and we could have had more police officers and firefighters and teachers and public works employees working here in our country, then the unemployment rate would be below 8 percent today.

This is exactly the opposite of what my Republican colleagues claim. Oh, the public sector, they say, is strangling the private sector. No. The truth is exactly the opposite. The private sector has increased, not yet at the rate we had hoped; although, if the private sector can continue to add 250,000-plus jobs a month, then we will. That's 3 million jobs a year. That will substantially reduce unemployment to the point which is where we should be, if we can persuade our Republican colleagues to stop forcing the cities and counties and States to lay off important public employees.

I got an anguished letter the other day from the mayor of the City of Fall River, Massachusetts, about a great addiction program, the Stanley Street treatment program, in his town. He wanted to know why they were cut off from the \$1.4 million they had gotten to deal with addiction. The answer is this Congress voted out the whole program. I couldn't be their advocate and say, look, this is a good program, give them money because I was told by the agency about, you know, We know it's a good program. You Give us money. We can't give out money when you voted against it.

That money is in Kandahar. That money is in Basra. If it were doing any good over there, I would feel better about it. But we are spending money futilely overseas in wars, one of which shouldn't have started and one of which should have started—and, by the way, should end.

By the way, I heard my colleague, the previous speaker, talk about spending too much. In fact, one of the major criticisms the Republican Party now has, certainly their Presidential candidates and many here in the Congress, is not that the President is spending too much but that he is spending too little. They've criticized him for withdrawing our troops from Iraq, even though it was on a timetable President Bush had set forward. They want more troops in Iraq. Nothing is more expensive than keeping troops in a near combat situation; and that's right, because

you don't send people into combat without doing everything you can to protect them.

There are people who are criticizing the decision of beginning to reduce the troops in Afghanistan. The wars in Iraq and Afghanistan at their height were costing \$150 billion a year over and above the regular military budget. I cannot think of anything less consistent than to argue that, a, we should be reducing the deficit and, b, we should be continuing to spend money not just on military activity but on nation building in Afghanistan and Iraq.

Let's go back to the job situation. There were 3.6 million private sector jobs created in 2 years.

By the way, that has been reflected in the economy.

□ 1340

On March 9, 2009, then-Speaker PELOSI, Mr. Speaker, convened a meeting in which we talked about things we thought we should do for the financial sector. It was the beginning of our efforts to do financial reform.

I know the Republicans think that financial reform is a terrible idea; that, apparently, we should have derivatives unregulated. We shouldn't have an independent consumer bureau.

We should continue the practice whereby people can make loans to people who shouldn't get them and then sell those loans to other people so they had no interest in whether or not they were repaid. Because we began our financial reform efforts in March of 2009, and we were told it was terrible for the financial industry.

The Dow Jones Industrial Average on March 9 was 6,500. By March 9, now 3 years later, it will very likely be double what it was then. The Dow Jones Industrial Average will have doubled in the aftermath of the passage of the economic Recovery Act, the financial reform bill, even the health bill.

Maybe I don't claim that we did it, but we certainly didn't retard it. So in that time period, 3.6 million jobs were created. At the end of the Bush administration, of course, we were into very substantial job loss. In the very first months of the Obama administration and the last months of the Bush administration, job losses in the hundreds of thousands a month. Now we have begun to turn that around.

And again, let's stress if it hadn't been for Federal budget policies forced by this Congress and by others in the Congress who were reluctant to do the right thing, if States and cities had simply been allowed to keep their current level, in other words, if we had had increases in the private sector and held steady over a 3-year period in the public sector, we'd have half a million more jobs in America today and probably more because these things have some multiplier effect.

And clearly unemployment would be below 8 percent. It has dropped to 8.3. By the way, when unemployment went down to 8.9 and 8.7, the critics of the

President said, oh, that's just because the labor force has dropped. Well, the labor force went up in this past month, according to the statistics.

More people were encouraged to look for jobs. And with more people looking for jobs, we still had a drop to 8.3 percent in the unemployment numbers.

Now, that is an example of the wrong-headedness of the very conservative approach of the economy. Yes, we have a deficit. It is a very large deficit, much of it incurred because of the policies of President Bush supported by Republican majorities in Congress. I'm told I didn't read it, but the bill we passed yesterday said that the tax cuts under George Bush did not add to the deficit.

That is Marxist reasoning, Chico Marxist reasoning. It reminds me of the time in one of the movies where Groucho caught Chico red-handed and Chico, denying that he had done it, said, Who are you going to believe, me or your own eyes?

Bills that passed cut government revenues by hundreds of billions of dollars, and it didn't add to the deficit. Of course it did and it added to the deficits at the same time we were incurring further deficits by going to war. I didn't vote for the war in Iraq. I voted for the war in Afghanistan, but I have for some time now thought we should withdraw entirely.

It is the Republicans at the Presidential level and in the Congress who are resisting that we spend more.

We have begun to reduce defense spending. The President made a very radical decision. He said that after the late forties when we sent troops to Western Europe and Central Europe to keep Joe Stalin, a vicious, brutal murderer from invading central and Western Europe—countries that had been left devastated by World War II—that having done that in 1948 and '49, it was time to withdraw them.

Well, according to my Republican friends, that's a terrible mistake. They want to keep those troops in Western Europe. That would be good for the economies of Europe, and they need them these days, but it's terrible for the United States. The heads of the military said, you know what, we can take these troops out of Europe and retire them.

That doesn't mean you fire them. I was glad to see General Odierno say we will not dismiss anyone who signed up to serve this country. We are grateful for them, and they should be allowed to serve out fully what they did and get the full veterans benefit that a grateful Nation owes them. But with the turnover in the military in ordinary circumstances, you can reach a reduction fairly soon by simply not hiring new people.

Now, I will add that there is another great inconsistency on my Republican colleagues' point. When I debate with them whether or not we should cut spending for firefighters or public-works employees, whether we should

provide money to build highways, whether we should do things where the Federal Government provides funds that I believe are job creating, they tell me you can look it up in all of the debates that we've had here, that government spending doesn't create jobs.

They deny that the government spending money can create jobs, with one wonderful exception. Apparently that doesn't apply to military spending because when it comes to reducing military spending, they have all become the most devoted followers of John Maynard Keynes. They sound like the New Dealers at their most urgent and ardent.

The military to them is the world's great public works project. Obviously, it has other functions; but when we talk about reducing the military, all of a sudden government spending is a great fount of job creation. Well, the fact is that when you reduce military spending, you can cut back on jobs in the near term as you can in other areas.

I do believe that cutting military spending can result in less job reduction than, for instance, cutting the right kind of medical spending. Yes, we should have comparisons of this, but I'm talking now just about the sheer hypocrisy of arguing that government spending cannot create jobs and then turning around and invoking government spending as a part of the military.

In fact, as these numbers show, our having four States and cities to cut back—and by the way the reason States and cities have cut back is not simply that we haven't given them Federal funds, which I believe in a proper approach of this system we should. That was the radical program of revenue sharing, it was called, in Community Development Block Grants, which was first put forward by that—I never thought terribly radical—Richard Nixon in the seventies.

But the fact is that the national economic crisis has hit with particular impact on cities and States, especially since it manifests itself in low-housing prices. Of all the levels of government in this country—local, State and Federal—it's the local governments that rely most heavily on the property tax.

So when property is devalued, as it has been by factors far beyond the control of any city, the city's revenues suffer. And so it's a combination of their natural revenue base suffering as a national policy because of the denial of funding on programs that have existed since Richard Nixon, that they have had to lay off over half a million people.

And because they've laid off half a million people, instead of there being a net 3.6 million increase in jobs in the last couple of years, it's 3.1 million. And 550,000 jobs would be better than 3 percent on the unemployment figures. It would reduce unemployment. And here is, of course, the great mistake the conservative ideology makes and you're seeing it in Europe as well.

By the way, I don't think it's an accident that in America President Obama has resisted this notion that we should make even further and further cuts domestically. I do acknowledge that my colleagues are big spenders when it comes to Iraq, Afghanistan, bases in Europe and other military expenditures, much less useful, I think, for our economy.

But in Europe, they have been falling on recently the notion of austerity. As today's numbers make clear, we have a way to go in our economy, and we need to work to cooperate to keep this economic recovery going and get it more vigorous. Of all the major developed economies in the world, the American economy is doing the best. Obviously, the developing ones—India, China—starting from a lower base, they are doing better. But if you look at the major industrialized Nation, we are doing better because we have resisted a sense of austerity.

Now, sometimes intelligence requires an ability to make distinctions that are beyond some people. Yes, we have a deficit, and we have to reduce the deficit. But at the same time, we have a serious unemployment problem which is getting less serious. It's still serious, but 8.3 percent is better than 8.9 percent or 9.1 percent. And 7.9 percent would have been even better if they hadn't forced cities and States to lay off cops and public-works employers and teachers and firefighters.

But what we need to be able to do is to work on both of these. In the near term, some stimulative activity to deal with the unemployment situation is a good thing. This is not a time to choke off this recovery. But precisely because we are in the early stages of recovery, we can, if we do the right thing in the near term, begin with the end of this current year, start cutting back on the deficit.

Now, it's interesting, by the way, that one of the ways you do that will be to continue to reduce military spending, along with other things. But what do my Republican colleagues say? Oh, no, you can't reduce another penny of military spending.

One of the things I've been told, by the way, is that we've hollowed out the military in past years. I wrote to Secretary of Defense Panetta who, to my surprise, claimed that after the end of the Cold War we had hollowed out the military. I was surprised because Leon Panetta was the Budget Director during that period after the Cold War under Clinton. So, apparently, this was a confession that he himself had hollowed out the military, but I don't think we did.

□ 1350

And I have written him and I have asked others, would anyone please come forward and say on this floor of the House, or elsewhere, given the argument that we've hollowed out the military, can anyone show me one example of where, in the period after the

demise of the Soviet Union, one of the great things that happened for human history, we needed to apply military force and didn't have it?

President Clinton didn't lack for the appropriate force in southern Yugoslavia to accomplish his goals. George Bush, in the immediate end of the Cold War, was able to do Iraq, the first President Bush. The second President Bush had too much military from my standpoint in terms of what he used in going to war in Iraq and Afghanistan at the same time.

So this argument that we've hollowed out the military is nonsense. With the reductions that are planned, we will still be, by far, the strongest military in the world and well able to defend ourselves.

And yes, if we're going to reduce the deficit, we have to put cuts in a lot of places. We can cut the Social Security that goes to wealthy people. I receive Social Security. I'm prepared to vote to have it all taxed away. That's an effective way to means test it, not by a complicated process at the outset. For those of us who make a certain income and we're getting Social Security, give us a 95 percent tax. That will work very efficiently.

I'm prepared to put some constraints on spending domestically on programs I like. But exempting the military, as my Republican colleagues want, trying to scare the American people by saying that if we're only five times as strong as our nearest adversary we'll somehow be in danger, that isn't remotely the case. Continuing to maintain a full complement of weaponry to defeat the Soviet Union in a cold war when it has long since imploded, none of those make sense.

But here's the point. If we commit ourselves to longer-term deficit reduction, then we can, without in any way causing any loss of confidence, do the short-term spending that will help us. And, by the way, the other area where we should be working to reduce the deficit is in taxation.

One of the controversies we have now is our proposal that many of us support to put a surtax on income for people who earn more than \$1 million a year. It's called the millionaire's tax. That's a misleading name. You can have \$10 million in your estate, in your accounts, and still not be earning \$1 million a year. We're not talking about people who have a million or 2 or 3 or 4. We're talking about people who earn \$1 million a year in taxable income every year.

What we've said is every time you earn more than \$1 million a year, for every thousand in taxable income, after all of your deductions that you earned, we're going to tax you \$56; \$56 per thousand for people who are already earning \$1 million. It's nonsense to suggest that would in any way be disturbing to them or to their spending patterns; but it would help us reduce the deficit.

So yeah, I want to shore up Medicare. I was struck that the previous speaker

had two complaints about the President: one, that he's spending too much money, and, two, that he's not spending enough. He complained about cuts in Medicare. In fact, those are not cuts that went to any beneficiary or even to the actual providers in the real sense. They went to some insurance companies that were getting more than they needed.

But if we will include the military and put constraints elsewhere and ask the wealthiest people in this country to pay some taxes—and, by the way, this argument that tax increases kill the economy, the last time I heard it was when President Clinton asked Congress to raise taxes on incomes above \$150,000, a far lower figure than we're talking about today, even correcting for inflation. He said raise the tax on people making \$150,000, put the top rate from 36 to 39.6 percent, a fairly small increase I thought at the time. And we did it, over the objection of the right-wing economists, and they told us it would be the end of the economy. In fact, subsequent to that, in the many years after that, we had one of the best economic performances of American history, not necessarily because we raised taxes, but even though we did.

The fact is that people who thought these arguments, they greatly exaggerate the sensitivity of this vast, complex, strong American economy to fairly small changes in tax rates. But the point is that we have been told before that increasing by a fairly small amount of taxes on the very wealthy—and as I said, we were talking then about 150; we're talking about a much higher figure today—that's a way to help reduce the deficit.

Constraining the military helps reduce the deficit, and that brings me back to the point of these job numbers. Totally contrary to what the Republican Presidential candidates are saying when they take time out from saying terrible things about each other—but I will give them credit, as I listen to the Republican candidates make the most devastating, negative, personal attacks on each other, I do have to concede that they are almost always right in what they say about each other. But when they lay off each other, they make extraordinarily negative, excessively denigrating comments about our country, talking about how this country is no longer respected in the world, directly contrary to all of the evidence, denigrating our economy when we are, today, the best performing major developed economy in the world. Still not good enough, but it would be better still if the Republicans would cooperate with us instead of trying to make things worse.

250,000 new private sector jobs, including increases in manufacturing. And, by the way, Mr. Speaker, a significant part of that was because the government intervened, over the objection of the Republicans now running for President and many in Congress, to help the automobile industry.

Let me read from yesterday's New York Times. The headline: In a Surprise, Car Sales Start New Year Strongly. And it says that American and other automobile dealers are doing very well. And then:

Chrysler ends quarter with \$225 million profit. The comeback from bankruptcy at Chrysler hit a milestone when the company reported its first full year of positive earnings since 2005. And it says:

This was a company that just 3 years ago needed a government bailout and a trip through bankruptcy to survive.

The fact is that the intervention, initiated by President Obama and supported by this Congress, particularly our Democratic Members, with some Republicans but with most of them opposing it, rescued General Motors and Chrysler. General Motors is today the number one automobile company in the world. It wouldn't have been if we'd listened to the Republicans.

Manufacturing employment has begun to increase, partly because we've gotten these jobs back at Chrysler and General Motors.

And, by the way, among those that were strongly supportive of the intervention was Ford. Ford had been prudent, had borrowed some money or had mortgaged itself and had some cash. They didn't need a direct participation in the funds that came from the TARP. That hated TARP. But they strongly supported it because they knew if General Motors and Chrysler weren't able to continue to function, the supply chain in America would dry up. That would have cost more jobs, and it would have put Ford at a disadvantage.

So we have a thriving American automobile industry today that's on the upswing that we wouldn't have had if we listened to the Republican argument that government always is bad. Oh, I make an exception: Government is always bad unless it's the military. They impute to the military powers beyond what it has, it seems to me.

I would make the point that our military is a superb instrument, full of extraordinary people, and they are very good at doing what a military should do—stopping bad things from happening. It is not fair to them and unrealistic to expect them to be able to make good things happen. Yes, they can stop murderers. But the best armed, the most thoughtful young Americans ever assembled aren't going to be able to get the Shia and Sunni and the Kurds to like each other; or to bring to Afghanistan what it's never been able to get, sadly. I wish we could, but we don't do it with American firepower.

But with the exception of the military, we hear only negatives about government. In fact, we have a private sector that has begun to connect. We are now at a pace to reduce unemployment to a reasonable level. If it hadn't been for the job reductions in the public sector, forced by many here, we would be even better off. And, by the way, we

are talking about people who provide services essential to the quality of life, people who pave the streets and shovel the snow and deal with the sewage and clean up the parks and police and fire. These are essential people. We have half a million less of these people. We're not talking about Federal bureaucrats here. These job losses are mostly at the State and local levels. We have half a million less of them.

We have, fortunately, 3.6 million more private employees in this period of recovery from the recession. If we had been able to maintain the public sector, we would be lower in unemployment. I hope, Mr. Speaker, that people will look at this, that they will stop this mindless, partisanly motivated trashing of America when we are doing better than any other developed economy of any size, even though we are held back to some extent by them, that they will instead join with us in saying, look, let's understand that we need spending constraints across the board, including the military; that the wealthiest people in this country, the people running hedge funds can afford to pay a regular tax and not get that carried interest boondoggle that is in no way an incentive to economic activity but simply makes them richer. I understand why they'd rather be richer; although, many of them are, I think, public spirited enough to say let's change this.

Let's put some spending constraints on across the board. Let's raise revenues in a way that will not have a negative effect on the economy or on the quality of lives of those people paying it, and let's lock in that so that in the near term we can stop forcing States and cities to lay people off. We can continue the kind of policies that will help put some people back to work in the construction industry, such as in highways. We can also, I hope, get the people at the Federal Housing Finance Administration to stop resisting the administration's effort to help with housing.

□ 1400

If there is cooperation, and if we learn the lessons of the past, we can make this economy work.

I would include one final point, and I will be talking about this some more. One of the great successes we have seen in the past few years has been the policies under a Bush appointee, Benjamin Bernanke, George Bush's chief economic adviser, whom George Bush gave the most important economic post in America, Chairman of the Federal Reserve.

Chairman Bernanke has pushed hard to have the Federal Reserve be a constructive force in our economy. People on the right in particular were saying it is going to cause terrible inflation. Rarely in American history has a flat prediction been more wrong. The quantitative easing, and the intervention of the Fed has produced no inflation. It has made money for the Federal Gov-

ernment. It hasn't cost us anything. It has been very helpful.

In fact, the Fed has been setting a good example for Europe. One of the best things that has happened with regard to Europe lately, as perceived by the markets as well as others, is that people noted that the European Central Bank was beginning to take some of the lessons from the U.S. Federal Reserve and work more like them.

If we stop harassing the Federal Reserve about the reasonable pro-expansionary policies it has been following and we stop forcing State and local governments from firing people who perform useful services and are unfortunately added to the unemployment figure, if we will produce Federal funding not to try to mediate a dispute in Iraq but to build highways here and to clean up our water systems, and if we will ask the wealthiest people in America to give a little bit more, which they won't miss but which will help us, then the good day that we had today—it was a very good day in the economic news. I noticed even Fox News almost begrudgingly had to say, Wow, what a good economic report. I give Chris Wallace credit because he cut right through and said that when there was someone who wanted to carp.

There were 250,000 new private sector jobs today. If we can keep that up, then maybe the 250,000 private sector jobs will become 300,000, and maybe we will add 5,000 or 10,000 public sector jobs that were lost where we need cops and firefighters and people to keep our cities clean.

If this Congress, through an ideological rigidity that has been proven wrong by the facts, does not interfere, if we are supportive of the very sensible program that the President has laid out, independently supported by that Bush appointee Mr. Bernanke at the Federal Reserve, America will continue to have the best developed economy in the world, and we can get the kind of recovery that the American people deserve.

Mr. Speaker, I yield back the balance of my time.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Ms. HAHN (at the request of Ms. PELOSI) for today on account of a funeral in the district.

Mr. HEINRICH (at the request of Ms. PELOSI) for today.

Mr. TURNER of Ohio (at the request of Mr. CANTOR) for today on account of business in the district.

ADJOURNMENT

Mr. FRANK of Massachusetts. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 4 minutes p.m.), under its previous order, the House adjourned until Monday, February 6, 2012, at noon for morning-hour debate.