□ 1240

TAXING AND SPENDING

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

Mr. WOODALL. Mr. Speaker, I appreciate the hour, and I appreciate you being here with us this afternoon.

You know, it seems like just yesterday to me that you and I showed up here on Capitol Hill. It was that giant freshman class of 2010, and golly we came to do something.

I remember back in freshman orientation, folks hadn't even been sworn in yet and they were already trying to get focused on what the first votes in January 2011 would be about and the constant noise in the room was about how do we make a difference, how do we make it matter. This was a freshman class full of people who didn't come because they wanted a business card that says ''Congressman.'' They didn't come because this was just part of a career path they had been planning since they were kids. They came because they were men and women, moms and dads, small business owners, big business employees, folks from back home who said: golly, the country is in trouble, and if we don't have leadership who's willing to stand up and do the right thing for the right reasons, this country might just go over the edge.

There were 99 of us, Mr. Speaker. You remember. It was Republicans and Democrats. Now, there were more of us as Republicans than there were of them, but we came together in those early days to say: What can we do to make a difference?

Mr. Speaker, you can't see it here, but I have a chart of our spending as a percent of the share of our economy and tax revenue as a percent of the share of our economy. Now, Mr. Speaker, what you see on the chart with the green line is historical tax revenue. What you see is, going back to World War II, going back to the mid-1940s, that it really has not mattered in the history of this Nation whether the top tax rate was 90 percent as it was before the Kennedy years, or 70 percent as it was at the beginning of the Kennedy years, or 28 percent as it was in the Reagan years. It really has not mattered what the top bracket is. All Americans are willing to give to government is about 18 percent of GDP.

It turns out, Mr. Speaker—this will be no surprise to you—it turns out Americans are pretty smart. If what you decide, as the Federal Government, is we're going to tax this behavior, well, Americans start engaging in this other behavior instead. If what you say is, no, I'm going to tax that behavior, they say, well, that's okay, I'll go do this instead. Americans are pretty smart, and they change their behavior to maximize the benefit for themselves and their families, their kids and their grandkids.

So, going back—just a historical truth—through modern American history, post-World War II history, no matter what we've done with the Tax Code, Americans have only contributed about 18 percent of GDP. That distinguishes it, Mr. Speaker, from our spending trajectory in this country.

Now, on the chart I have our spending in red. Historical spending is represented by this jagged line. Projected future spending is that big smooth line that rises right off the chart. This red line, Mr. Speaker, represents what happens to Federal spending if we do nothing. That's important. What does it mean to do nothing? What I mean is, if we were to close down the White House tomorrow and not sign one new law; if we were to close down the U.S. House of Representatives tomorrow and not pass one new law; if we were to close the United States Senate—and I know what you're thinking, Mr. Speaker, you're thinking we're not going to be able to tell much difference there anyway, that's not true—if we close the United States Senate and pass not one new bill through the United States Senate, this trajectory of spending is what faces America. This trajectory of spending is what happens if we do nothing.

Mr. Speaker, there is no set of circumstances, not a historical set of circumstances, not a set of circumstances that we could conjure up where we could possibly raise enough money through the Tax Code to pay for the spending that this Congress, past Congresses, this President, past Presidents have promised the American people.

Here's the thing, Mr. Speaker: you and I are lovers of freedom, so we would never propose such a plan; but if we were to go out today and nationalize everything, if we were to put a 100 percent tax on every American worker in this land, if we were to put a 100 percent tax on every business in this land, if we were to take everything from everybody—their house, their business, their stocks, their bonds—if we were to sell every business in America at the auction block, if we took it all, the present value of that wealth would not be enough to pay the future promises that Presidents and Congresses have made.

We are in a spending-driven crisis. The question is: How do you tackle that, Mr. Speaker? Candidly, coming up with a clever idea to raise taxes is pretty easy. You just look at what taxes are today, and you say let's make them higher tomorrow. It doesn't take a lot of thoughtfulness to put that together. We can all agree on a plan that has the number that taxes are today and we make that number higher tomorrow. That's not an intellectual challenge. It's the wrong tax policy, and we see it in the President's budget from 2012.

I tell every town hall meeting, Mr. Speaker, that I have, every audience that's there that I appreciate this President. I appreciate this President because the law of the land is that every year the President of the United States will submit to the Congress his or her proposed budget, and every year this President has been in office he has done exactly that.

That's important, because a budget is a statement of your values, Mr. Speaker. You know that. I mean, when we talk about where we're going to spend the tax dollars that we take in, what those priorities are, that tells us what our values are. When we talk about how much money we're going to take from the American people—who those folks are who are going to have to pay more, who those folks are who are going to have to pay less—we talk about our values. So every single year the President has put his values statement forward.

Now, that distinguishes him from a body that has disappointed me so terribly much, Mr. Speaker, in my 2 short years in this Congress, and that's the United States Senate. In the 2 years I've been here, I've never seen a Senate budget. I thought that was odd until I talked to colleagues who had been here longer and they said, actually, Congressman, we haven't seen a budget in almost 4 years from the United States Senate. No budget in 4 years. No statement of values. No statement of solutions. No recognition that there is a problem and then a proposal to make it better.

But what I have here, Mr. Speaker, is a chart that represents the President's budget from February. As he has done faithfully for these 4 years in office, he submitted his budget in February that would take us through the 2013 year. In that budget he raised taxes by $2 trillion. Now, that's not a values statement about that. If I were to issue a values statement, I would tell you I don't want taxes to go up by $2 trillion. I think it's a bad plan, I think it's bad for the economy, I think it's bad for the American people. But the President laid that plan out there for the American people to decide. In fact, he ran a campaign on that all spring, all summer and all fall, and the American people sent him back to service for another 4 years.

But what you see in his budget, Mr. Speaker, as represented on this chart, is facing $16 trillion in public debt—largest public debt in American history, about $55,000 for every man, woman and child in this country, their burden of the debt, a debt that's threatening to sink our economy. Thank goodness we're the best of all the worst economies in the world, Mr. Speaker, because folks are still investing here. Whenever the rest of the world bounces back, we're going to be in bad, bad shape. You don't know how fast that spiral is going to get started.

□ 1250

But the President, looking at that same set of facts that I have just shared and the same set of facts that you and I look at here in this body, Mr. Speaker, he proposed a budget that raised taxes by $2 trillion but increased spending by just as much.

Here it is, Mr. Speaker: this white dotted line represents the trajectory of debt accumulation for America. Again, if we do nothing, this is the debt accumulation for America. The red line represents the debt accumulation under the President's budget proposal. And what you see is that in 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020, under the President's proposed budget, after raising taxes on the American people by $2 trillion, the debt of this Nation actually grows faster than if we had done nothing at all because the President takes all of those tax dollars and spends them on his priorities.

Going back to that first chart, Mr. Speaker. The problem that we have in America is not a tax revenue problem; it's a spending problem. And if we refuse to grapple with the spending problem, we'll go nowhere. The President refused to grapple with that spending problem except—and I blew it up on here so that everybody could see it—way out past 2021, kind of between 2021 and 2022, the debt gets just a little bit smaller under the President's plan than it is currently if we do nothing at all.

Now my experience in just 2 short years, Mr. Speaker, is that those good things that we promise are going to happen 10 years from now, those tough decisions we promise we are going to make 10 years from now, those never get made. We spend the money in year one, but we never make the cuts in year 10. I don't know if we can count on that at all.

But, again, the President is a smart guy. I think he cares about this country. The American people just endorsed him for a second term. His 10-year budget plan does nothing, nothing to improve our deficit trajectory, our debt accumulation over the next 9 years.

Which brings us to where we are right now, Mr. Speaker, with this so-called fiscal cliff. It's not really a fiscal cliff. And the truth is, we have a tax decision coming up, and we have a spending decision coming up. And, truthfully, we need to have even more spending decisions coming up. But we're calling it the fiscal cliff. And ''sequester'' is a new word that we brought into the American parlance as a result of that.

The sequester, as you recall, Mr. Speaker, was the hammer that we put in place. It was one of the first big votes that you and I took way back in August of 2011. As part of an agreement, the President wanted to raise the debt ceiling. There were bills that needed to be paid. The Speaker of the House, JOHN BOEHNER, said, We are not going to expand America's credit card until we get serious about curbing spending. And he said to the President, No, Mr. President, I will not raise the limit on America's credit card unless you agree to dollar-for-dollar reductions on the spending side of the ledger so that we're not just making the problem worse; we're creating a pathway to solve the problem altogether. I admire the Speaker for that.

And the Speaker and the President agreed on this proposal. It was called the Budget Control Act of 2011. And what it did was it created for the first time ever a little committee here on Capitol Hill, a committee that was going to report language directly to the House floor and the Senate floor—no filibusters, no prevention of it coming by amendments, no monkey business—just directly to the floor for an up-or-down vote.

There were six House Members and six Senate Members on this panel. Mr. Speaker, you will recall it was six Republicans and six Democrats, serious men and women on this panel. And they looked at not just the $3.8 trillion annual Federal budget. They looked not just at the more than $50 trillion that would be represented in a 10-year budget. They looked at hundreds of trillions of dollars in Federal spending and commitments over a three-generational window. They worked on it for 3½ months; and collectively, at the end of the day, they agreed on not $1 in changes. Not $1, not $1.

The greatest disappointment of my 2 years here has been the failure of that joint select committee to succeed. Call it politics. I don't know what you want to call it. Again, these were serious men and women. They were tasked with solving our Nation's fiscal crisis, and they failed.

So then what? Well, the Speaker had the wisdom back in 2011 to make sure that we were really getting dollar-for-dollar changes on the spending side and on the savings side when we were going to raise the debt limit. And what the Speaker and the President ultimately agreed to was this crazy hammer called the sequester, an across-the-board cut on discretionary spending.

Discretionary spending is about one-third of our budget. Mandatory spending—Medicare, Medicaid, Social Security, interest on the national debt, those programs—represents about two-thirds of the spending in the country.

But they envisioned this across-the-board cut that would come on discretionary spending—that one-third of our budget—if the joint select committee failed to reach an agreement. And the cuts were designed to be so severe that no self-respecting joint select committee would ever fail to reach an agreement because they needed to prevent these cuts from happening. Well, they didn't reach an agreement, as you know, Mr. Speaker, as history has now told us. And I want to show you where these sequester cuts are coming.

As I just talked about, we have discretionary spending. It's broken up into defense and non-defense discretionary spending. And then we have mandatory spending which, again, is Medicare, Medicaid, Social Security, those mandatory programs where the money goes out the door whether Congress meets or not.

Well, look at how we've decided to take control of spending in this agreement, Mr. Speaker. Defense discretionary spending, we all know national security is a constitutional obligation that this Congress has. It is one of the few constitutionally delineated responsibilities this Congress must fulfill. Defense spending represents less than 17 percent of all the spending America does. That means 17 percent of our $3.8 trillion annual budget is defense spending, 17 percent of the spending. But these sequestration cuts, Mr. Speaker, are going to fall 50 percent on the Defense Department. We're asking the Defense Department, our men and women in uniform, to bear the lion's share of that burden.

Now, I don't think that's right. I voted in favor of this hammer to take place, this hammer that was going to be so severe and so draconian that no one would ever let it happen. They would sit down at a table and agree, as people who represent America should be able to do.

But when they failed and we saw these defense cuts were going to come, we brought out in May of last year—these last-minute negotiations in December drive me crazy, Mr. Speaker. And I want the American people to know—and I know you tell them on a regular basis that it doesn't have to be this way. It was May of 2012—7 months ago—that this House looked at the size of these defense cuts, looked at the impact it would have on our men and women in uniform and their families, and we said, There's a better way.

We didn't kick the can down the road. We didn't say, Oh, let's just put these cuts off altogether; America doesn't really have a spending problem. We don't really need to control that side of the balance sheet. No, we passed a bill in this House in May of this year that didn't just replace the defense spending with smarter cuts on the mandatory side of the ledger but, actually, over time was going to make even bigger reductions in spending, create even larger savings to the American people—savings that we know we have to have if we are to succeed as an economy. And we did that back in May.

Now, Mr. Speaker, as you know, the Senate has not passed a proposal to do that very same thing—not in May, not in June, not in July, not this fall. The President hasn't proposed—well, I guess in the proposal he made last week, he said, Well, let's just kick that can down the road for another year. That's not an answer. That's a frequent go-to place that we go to in this body—Republicans and Democrats alike. Let's just kick it down the road for another year. But that's not the answer. You and I know that the time for kicking cans down the road is gone.

So in May of this year, we passed this replacement. It has yet to see any action. But I just wanted to be clear. As you know, Mr. Speaker, this body laid a proposal out, detailed line by line by line of how it is that we can both protect our men and women in uniform, continue to serve them and their families, and take our spending responsibilities and our saving responsibilities here seriously.

We'll go on here, Mr. Speaker. Nondefense discretionary spending, it represents about 13 percent of that $3.8 trillion annual pot. Where do the spending cuts fall there? This 13.4 percent of the spending is going to have to bear 35.1 percent of the cuts. Golly, that's not going to be easy, Mr. Speaker. I mean, these are programs that folks care about.

□ 1300

Take the food stamp program, for example, Mr. Speaker, the SNAP program. That's an important program, and I think we can all agree that there's some waste, there's some fraud, there's some abuse, and there's some things we can fix in that program. We did that in the bill we passed in May. It's an important support program to make sure that the most vulnerable among us are cared for and they can bounce back up. It's one of those programs where we try to reach out, Mr. Speaker, not to prop folks up, but to give them a hand up so that they can succeed.

These programs across the board are facing a 35 percent cut. Why is that? In fact, in the 2 years you and I have been here, Mr. Speaker, we've seen discretionary spending start—it started in 2010 at some of the highest levels in American history. You and I, in a bipartisan way, brought it down in 2011, we brought it down again in 2012, and we brought it down again for FY 2013.

I open up those newspapers, Mr. Speaker, and folks talk about how there's no agreement here, how it's just folks arguing and fighting with each other. In a bipartisan way, this House, that Senate, and our President have seen discretionary spending drop 3 years in a row. Never before in my lifetime have we seen such a thing. I credit this body with being a driving force in that because we're elected by the American people, who want to see their fiscal books put back in order, but we've succeeded on the discretionary side.

Discretionary turns out to be the easier nut to crack because that money doesn't go out the door unless this U.S. House of Representatives acts. That distinguishes it, Mr. Speaker, from mandatory spending. That's the third set of columns on my chart. Mandatory spending, as I said, is two-thirds of our budget, 63.8 percent to be precise. And of all the sequestration cuts, 63.8 percent of the budget is only going to bear 14.4 percent of the pain. The back story there, Mr. Speaker, is that's only 14.4 percent of the pain. As I said, discretionary spending has been on the chopping block in 2011, 2012, and now again in 2013. But mandatory spending we haven't had a single agreement about, and I don't hear the White House talking about it either.

The White House put together a group, and it was called the Simpson-Bowles Commission. It was named after Erskine Bowles, who is a former Clinton chief of staff, and Alan Simpson, who is a former Republican senator. They came together in what the President called his deficit-reduction commission to give the President an idea of what we could do to get our fiscal house in order. I just want to show you here on this chart, Mr. Speaker, the chronic deficits that we've had in this country. It goes back to 1970. All of this red ink represents the inflation adjusted—these are all in 2012 dollars. So we're comparing apples to apples all the way across this chart. The deficits that we've had in this country—and you'll see going back to 1970, Mr. Speaker, which happens to be the year of my birth, we've run a deficit every single year through 1998.

Do you remember 1998? We had Newt Gingrich leading the first Republican U.S. House of Representatives in modern times. We had Bill Clinton in the White House. They came together to solve some big problems: welfare reform, health insurance reform. Folks forget about health insurance reform for the 1990s. We did away with preexisting conditions, and we did away with all of the impediments in the large group markets, what they call ERISA plans. They had great success back in that area, and they finally got back into some positive territory.

To be truthful, this assumes that all the Social Security revenues and the Medicare revenues are getting spent on other projects rather than going in the trust funds and being preserved. We didn't really have a surplus. We were spending Social Security and Medicare revenues to create a surplus, but we did have some better years then.

Then we go into the Bush years, and this is important. Of course, 9/11 changed the way this country deals with national security. There were a lot of programs going on, much to my surprise, Mr. Speaker. You'll remember we created a brand new Federal department with a Republican House, a Republican Senate, and a Republican President. We created a brand new entitlement program in Medicare part D with a Republican House and a Republican President. And we ran during the Bush years—and they're represented right here—we ran at that time what were the largest deficits in American history. The largest deficits in American history were run during the Bush administration with a Republican House, a Republican President, and we began to get a hold of that. Of course, that was after September 11, 2001. Again, we had a dramatic uptick in spending on homeland security concerns, on national security concerns. That's an explanation; it's not an excuse. We reached those massive deficits, the largest deficits in American history, and we began to bring those back down.

Enter 2007. From 2007–2008, we had a Republican President in the White House, and we had a Democratic Speaker here in the U.S. House. Spending began to tick back up. And as we entered the Obama years, Mr. Speaker, here is the largest deficit in American history recorded during the Bush administration. This is the annual deficit recorded in the Obama administration. Not twice as large than the largest deficit in American history, not three times as large as the largest deficit in American history, but almost four times larger than the previous largest annual deficit in American history was the first-year deficit recorded in the Obama administration. That was the first time ever that we had run trillion-dollar deficits, and we've continued to run trillion dollar deficits during that time.

Tax policy hasn't changed during that time. Tax policy is exactly the same. You hear in the newspaper all the time, Mr. Speaker, about the Bush tax cuts. I don't know that that has meaning anymore. Of course, in 2001 and 2003, we did do some dramatic changes to tax policy. President Obama extended all of those changes in 2010. So that's the law of the land still today.

Tax policy has been exactly the same over this continuum. What has changed, Mr. Speaker, is the spending. The reason deficits have grown not one, not two, not three, but almost four times larger than the previous record deficit in American history is not because tax policy has changed—it hasn't. It's because Federal spending policy has changed, and that's what we have to get our arms around here in this body.

What I show going forward, Mr. Speaker—I put a little square around the annual budget deficits that have been run during the first 4 years of the Obama administration, but I also project for the Congressional Budget Office—that's the nonpartisan budget planning group we have here on Capitol Hill—what they believe is in store for us in the future if we continue under current policy. That's trillion-dollar deficits going out for years to come. The problem is not tax policy, Mr. Speaker. The problem is spending policy.

Can we improve tax policy? You better believe it. Mr. Speaker, you know I'm a cosponsor—in fact, I'm the main sponsor of H.R. 25, The Fair Tax. That's the largest, most popularly cosponsored fundamental tax reform proposal on either the House side or the Senate side. In fact, it's the largest, most popularly cosponsored tax proposal on both sides of the United States Congress. It would fundamentally change the way we tax. We can absolutely improve our tax system. But don't be misled. The problem in America is not bad tax policy. The problem is bad spending policy. We have to move the focus away from taxation, which again has been the same for the last 12 years, and move it towards spending, which has changed dramatically just in the last 4 years.

I'm not one just to point the finger of blame, Mr. Speaker. You know, this freshman class came about results. They didn't come about whose fault it was. There is plenty of blame on both sides of the aisle. There is plenty of blame in the Congress and the White House. There is plenty of blame going back decades. But finding a solution is a priority for every man and woman in this body. All 435 men and women in this body are focused on finding a solution.

I'm just so proud, Mr. Speaker. I start to grin every time I start to talk about it. When you and I got here in this body, Mr. Speaker, we tackled fundamental spending reform for the first time in my lifetime. And we didn't pass it just once, Mr. Speaker. When we came in in 2011, we passed it twice. This House has passed the only budget to pass anywhere in this town. In the 2 years I've been in Congress, we didn't do it once, we did it twice. We didn't do it one year, we did it both years. And in each, Mr. Speaker, we didn't just complain about those before us who left us a current path of deficit and despair going forward—which is what happens if we fail to tackle our spending concerns—we passed that path to prosperity here in this House of Representatives that provided a solution. Not a solution 10 years from now, not a solution 5 years from now, but a solution that begins to administer tough love because that's the only kind that is left here, in year one.

□ 1310

You can't kick the cans down the road. You have to take these challenges head on.

But it's not just about the blame. Again, Mr. Speaker, there are solutions. We proposed that solution in the Ryan budget. I say the ''Ryan budget.'' I'm proud of him. He's my chairman. I sit on the Budget Committee. It was actually a very cooperative process. He laid out his ideas. He had this great committee of Democrats and Republicans there who gave input, who made changes. We passed that bill in the Budget Committee. We then brought it to the House floor, and we had a free-for-all in which every Member of the House who wanted to introduce a budget could introduce a budget, and there were several. Hear that. Every man and woman in this body who thought he had a better way to solve America's fiscal crisis could introduce a budget, and many of them did. Only one of those budgets passed this body. That's now the House budget—passed not once but twice—which provided real solutions.

Here is our spending represented in a different way because there are so many red herrings in this body. I want to say, Mr. Speaker, if you'd help me spread the word with my colleagues on the left, I say this from the heart. You know, we get down here, I'm on the Rules Committee, and I often handle the Rules debates here on the floor. It gets kind of toxic from time to time. Folks are trying to make their points. Everybody has got his talking points. It turns into an argument instead of a discussion about how to make America better. I do hope in this coming time, whether we use Special Order time to do it or whether we use some time off the floor to do it, that we will find an opportunity to have more of a discussion, because the facts are what the facts are. We ought to be able to agree on what the facts are, and then we ought to be able to disagree about what those solutions are. We ought to be able to question each other's judgment without questioning each other's motivations, and I hope we'll be able to spend some time on that. I heard folks say, Mr. Speaker, Oh, the problem is that global war on terror. It's all those war-fighting efforts. That's what has put us in this deficit circumstance that we're in.

This blue represents base spending going back to 2002. I started it right there when the wars began. This yellow line represents the spending that was done on the global war on terror. It's a big number because our commitment to our men and women in uniform is unequivocal. We stand behind the men and women who have been asked by their Commander in Chief to go overseas and defend our freedom and to protect our Nation. We defend them here in this House, unequivocally, with our budget votes, but it's a small number compared to all the other spending that goes on. Clearly, this yellow line is not what has created our trillion-dollar budget deficits—the largest budget deficits in American history by a factor of 4. It's the base spending that does that.

Here are the financial bailouts. I would have voted ''no'' on those bailouts had I been here, Mr. Speaker. You and I were not, but it wasn't the financial bailouts. As good or bad as they were, they're just this little green line right here. That is not what created these massive deficits. It's this giant blue line here. Then, finally, there was the 2009 stimulus bill, which is, actually, the largest portion here in the recent history of what we're spending on. We spent more on the stimulus bill than we spent on our men and women fighting two wars overseas. But even that is not responsible for this continuing growing line of Federal spending.

We're spending more than we've ever spent before. In fact, in the 10 years from 2012 to 2022—again, if we do nothing, Federal spending is expected to rise by 33 percent. I don't know if your salary is expected to rise by 33 percent, Mr. Speaker, if you're working in middle America. I know my community's salaries are not. This is 33 percent the size and scope of government, and the President is proposing to grow it more, to spend more. The problem isn't tax policy. The problem is spending.

We hear a lot about fairness, and I want to talk a little bit about that now. I'm going to switch to tax policy because that's what everybody seems to be obsessed with in the media, and I want to make sure we dispel some of the myths of what's going on there. I went to Dictionary.com, as I'm apt to do, and I printed out what ''fair'' is.

They said: ''(1) Free from bias, dishonesty, or injustice'' as their first definition. ''(2) Legitimately sought, pursued, done, given, etc.; proper under the rules.'' Fair.

I think we all support fairness—in fact, I'm certain that we do—but I'm absolutely certain that what President Obama believes is ''fairness'' is very different from what the people whom I represent believe is ''fairness.''

What I've brought here, Mr. Speaker, is a chart from the Joint Committee on Taxation. That's the group here on Capitol Hill that is in charge of measuring all the tax policies. It's a nonpartisan group, and they just try to tell you what the facts are about tax policy. This chart represents what the facts were in 2010 about the taxes and tax rates. That was the most recent year for which they had a study. It counts all the tax returns turned in in America. There were 155 million of them. There were 155 million tax returns turned in in America. Adjusted gross income, that's not actually your total income—it's a machination you go through there on your tax returns—but we break it out into different categories. Out of 155 million tax returns turned in, just under 6 million reported an income of $200,000 or above. What's even more interesting, though, is the number of returns below $10,000 because we're going to talk about fairness.

As for those folks with tax returns under $10,000, I don't think there is a man or a woman in this body, Mr. Speaker, who believes that if there are families of four trying to get by on $10,000 that they don't need some help, because they're not going to be able to make it. I pinch pennies as tight as anybody can. Everything I get is free with a rebate from Walgreens, from CVS, OfficeMax, and right on down the line. I've not met a sale that I won't travel to. That's tough to do in today's economy, $10,000, so that's why it's so interesting.

Look out here. Of the almost 21 million tax returns filed, only 14 of them ended up having a tax associated with them, and 425,000 were itemized. I want you to think about that, Mr. Speaker. Most Americans don't itemize on their taxes. They have what is called the standard exemption, the standard deduction. Most Americans take that, even homeowners. Of course, the mortgage interest deduction is the largest itemized deduction that most American families take, followed by the charitable deduction, but most American families don't itemize at all.

So you have to ask yourself, Mr. Speaker: Who are the folks who are reporting under $10,000 a year in income who are doing all this itemizing?

Look at that ratio: Taxable returns to itemized returns, it's about 30–1. Even down here among the richest of Americans, Mr. Speaker, it's 1–1. So, 30–1. Folks are gaming this Tax Code to participate not at all in the funding of our government. When we get together here to try to think about how we take care of the poorest among us, when we get together here to think about how to reach out to those less fortunate among us, we look at this category. Sure, folks making under $10,000 a year, don't they need our help? I tell you, if they're itemizing because they're doing such clever, crazy things on the Tax Code that the standard deduction and the standard exemption are not good enough for them, and if they're going to maximize their returns even more so they can get to zero, those folks are not the ones who need our help. We need to consider that in the context of fairness: 155 million returns with 6 million of them over $200,000 a year.

We're in a Republic, Mr. Speaker—some folks say ''democracy.'' Obviously, it's a Republic—but the majority can rule here. I'm just doing the math in my head. If there are 155 million people filing tax returns but only 6 million of them are making more than $200,000 a year, I'm pretty sure that I can find 51 percent who say, Let's not tax us, but let's tax them instead. I want you to think about that in the context of fairness.

Just in the spirit of full disclosure, Mr. Speaker, I'm not in the 1 percent. I have aspirations one day to make it into the 1 percent, but I'm not in the 1 percent. I never have been in my adult working life. I don't think I'm going to make it in anytime soon, but I aspire to fiscal success. I hope I have those good ideas that folks want to pay for. I hope that, by the sweat of my brow and by the power of my work ethic, I can generate some wealth, but I'm not part of the ''them'' who folks want to tax. I'm part of the ''us'' who folks don't want to tax and who are going to get a free ride in this proposal from the President.

□ 1320

I want to talk about that in the context of fairness. Let me tell you something you may not know, Mr. Speaker. Jimmy Carter was the last President from the great State of Georgia, so I'm going to start in the last of the Carter years, 1979.

What I have here on this chart is the percentage of all Federal income tax liability paid by citizens of the United States of America, what are we doing as citizens of America to pay for our government. And in the last year of the Carter administration, the bottom 80 percent of American income earners, which is most of us, that's the middle class, that's everybody there, the bottom 80 percent, was paying 35 percent of all the bills in this country. So 80 percent of Americans were paying 35 percent of the bills. That top 1 percent, Mr. Speaker, that top 1 percent of America was paying 18 percent of the bills.

Now, again, we talk about fairness. Again, I'm not in the 1 percent; although, again, I might like to be one day. For the 1 percent to be paying 18 percent of all of the burdens of this country, is that fair? Is that fair? For the 1 percent to pay 18 percent, is that fair? Again, we can look at the numbers. We can look at income distribution. We can look at all sorts of things. But think about that in the context of we always talk about people paying their fair share. In the last year of the Carter administration, the top 1 percent were paying 18 percent of the burden of America. But this is what's really interesting and, to me, Mr. Speaker, troubling, as a first-term Member in this United States House of Representatives. Look from 1979 out to today, and what you see, beginning in the 1990s, is that the majority of us, the 80 percent, begin to pay less of our Federal burden than do the 1 percent. In fact—and it's staggering to me, Mr. Speaker, and so I went and pulled the numbers. As we sit here, again, for the last year for which CBO is able to produce numbers—it's 2009. In 2009, the 80 percent of us who are in the middle, the 80 percent of us who form all of our communities back home and all of our clubs, the 80 percent of us who show up to church on Sunday and polls on Tuesday to make sure that we're doing our spiritual and civic duty, the 80 percent of us, we're only shouldering 6 percent of the total income tax burden in this land.

Now, I just want to ask you, Mr. Speaker, we're all smart folks. Again, I drive a long way to get something free with rebate at Walgreens. And for folks, Mr. Speaker, listening at Walgreens, I really don't like the new policy they have with those coupons that expire. I want to get back to the gift card program. That's not something we're going to do here on the floor; we're not going to mandate that for them. But 80 percent of us are paying 6 percent of the burden. What do you think that does to elections? You see it in the children in your life, right?

When your children have skin in the game, when they have some candy they might have to give up, when they have some chores they might not have to do if they negotiate properly, when you have skin in the game, you make different decisions. You find when you give the children in your life some money in their pocket and you're going through those impulse rows as you're walking out of the supermarket, Mr. Speaker, if they've got a dollar in their pocket, they're looking hard at those prices, seeing what's on two for one today, seeing what the discounts are. If it's their dollar, they're going to really think about what it is they're going to purchase in the candy aisle on the way out of the grocery store. But when they don't have any money in their pocket and they're just asking Mom and Dad to pick up the tab, there's no limit to what it is they're interested in having, right? The Snickers bar looks good. How about some of these sour things? My breath is bad; I need some gum. All across the board, there's no limit to what it is they might want.

What's going to happen to our Republic, Mr. Speaker, if we, the 80 percent, allow ourselves to only be burdened with 6 percent of the job of paying for the obligations of this country? Completely inverted there, Mr. Speaker. Today, again, 2009, the last year for which we had numbers, the top 1 percent paid 39 percent of all the bills. But again, if the 80 percent are only paying 6 percent of all the bills, that means the top 20 percent are paying 94 percent of all the bills. Again, what election is it that we're going to have where folks say, You know what, that guy over there shouldn't be picking up the tab for me.

What's happening to us as a Republic? Who are we now as a people? Do we want to help the least among us? Absolutely, we do. We always have; we always will. We can argue about whether we should do it from the Federal Government or from the State government or from our communities and from our churches, but of course we're committed to fulfilling those goals.

But we cannot, it is not fair, and I would argue it is immoral to face the kind of challenges that we're facing and say, You know what; we, the 80 percent of America, aren't going to help at all. We're already paying 6 percent of all the bills. There are 80 percent of us, we're the primary beneficiaries of it all, but we're paying 6 percent of all the bills; we don't want to pay more. Tax them. That is incredibly dangerous and antithetical to who we are as a Republic.

You know, this isn't new, Mr. Speaker. This isn't new. We can go back to Ben Franklin. He is often cited as saying that when the people find that they can vote themselves money, that will herald the end of the Republic.

That makes sense; right? It only takes 51 percent to win an election. So if 51 percent of the people can make sure that the other 49 percent have to bear all burdens and pay all the bills and do all the fighting and work out all the problems, then the 51 percent can just take the day off. Now that's not where we are in America, Mr. Speaker, but Ben Franklin worried about that over 200 years ago.

Milton Friedman, a Nobel Prize winning economist passed away, but his words are still with us. I think he said it well. In his ''Free to Choose'' statement, Mr. Speaker, back in 1990, he said this:

> There is all the difference in the world, however, between two kinds of assistance through government that seem superficially

similar: first, 90 percent of us agree to impose taxes on ourselves in order to help the bottom 10 percent; and second, 80 percent voting to impose taxes on the top 10 percent to help the bottom 10 percent.

There's all the difference in the world, Milton Friedman says, between when 90 percent of us choose to burden ourselves so that we can help others, and when 80 percent decide they want to burden a different 10 percent so that they can help yet another 10 percent. And it is different. It's morally different.

And I've got to tell you, Mr. Speaker, and that's what I love about our freshman class, Republicans and Democrats alike, nobody came here to pass the buck. Nobody came here to say that decisions are easy and somebody should have made them earlier. They came here and said these decisions are really hard, but we're going to make them anyway.

What's the morality of deciding that our country is in peril and the people who ought to solve it are them; not us, but them; not me, but someone else; not in my family, but in my neighbor's family. There's a morality there.

Now, listen, I'm the first to tell you, Mr. Speaker, we need more revenue in this country. And the reason we don't have much revenue today is because folks don't have jobs. Guess what. If you don't have a job, you don't have any income. If you don't have any income, you can't pay any income taxes. That's not rocket science. That's basic economics, and it's at work every day in this country. We've got to get folks back to work. And more of them, Mr. Speaker.

□ 1330

If you're a family of four and you're earning $30,000 a year, you can't afford to pay the bills of this country in the same way that someone making $200,000 a year can. That's okay. We understand that. That's why there are graduated rates in the Income Tax Code. Some people pay 10 percent, some people pay 15 percent, some people pay 25 percent, some people pay in the 30s. The more you have, the more we think you're able to contribute.

But here we are in what every American economist would agree is one of the most dire economic circumstances of our time, and what I hear described as leadership from the President is don't change anything for the 80 percent. In fact, spend more on the 80 percent, and go tap that last 1 percent to pay all the bills. The top 1 percent are already paying all the bills.

This chart, which again I would say demonstrates a moral imperative that we investigate and grapple with as American citizens, as members of the greatest self-ruling Nation in the history of the world, what we've already seen is just, in my lifetime, born in 1970, just in my lifetime, through self-governance, we have completely turned on its head who pays the bills for America. And more and more and more and more we've said, It doesn't need to be me; it doesn't need to be us; it can be them; they can do it all.

That is not who we are. That's not who we teach our children to be, and it's not the legacy that we want to leave behind. Eighty percent of us, including me, in this country are paying only 6 percent of the burden of being an American citizen.

This chart, Mr. Speaker, reflects what happens if we roll off this fiscal cliff. They describe it as a cliff. Again, it's a spending decision and a tax decision, but I've listed them both up here. This chart comes from the Congressional Research Service.

A couple of interesting things I want to point out here. First and foremost, if we do nothing, there are going to be tax increases of about $400 billion. There are going to be spending reductions of about $102 billion. There are some other changes that would happen at the end of the year that aren't associated with policy decisions. So, at the end of the day, we change the scope of our deficit by about $607 billion if we do nothing.

That's what makes this such a hard issue to grapple with, Mr. Speaker. If we do nothing, if we reach no agreement, changes that happen automatically and burden us all in different ways will create $607 billion for the U.S. Treasury that we didn't have before. And that's only half of the annual deficit.

You see all the pandemonium that folks are describing, all the frightful words that are used to describe the fiscal cliff. If we roll over that fiscal cliff and all of those bad things come to bear, the tax increases and the spending reductions, collectively, they make $607 billion. And if we apply that to next year's deficit, we still won't reduce next year's annual deficit to the level of what used to be the highest deficit in American history run up under the Bush administration. We can roll right over the fiscal cliff, create $607 billion in taxes and savings that we didn't have before, and we still won't have reduced our annual budget deficit to what was formerly the highest budget deficit in American history before the Obama administration. That's how far out of whack we are.

I'm not trying to blame the President for that. I think there is some blame there. There's blame here. There's blame everywhere. I only say the Obama administration so folks understand this is a problem that has existed. As long as I've been alive, we've been running systemic deficits. But in the Bush administration, we were running the highest deficit in American history, and today it's four times larger. And if we roll over the fiscal cliff that everyone says is going to be so awful, we only solve half the problem. Still don't get back to what used to be the most profligate spending days in American history, used to be the largest American deficits in American history, the Bush administration. That's Number 1 that I want to get from this chart.

Here's Number 2, Mr. Speaker, going back to the grappling with fairness, who we are as a people, what we're about. I put up that chart earlier that showed how some folks were getting away with paying zero. Even though they had lots of money, they were just itemizing it all away so they didn't have to pay anything on the tax burden; certainly their right as an American citizen to take advantage of those Federal tax laws.

But we tried that. Back in the late sixties, early seventies, we created what was called the alternative minimum tax, Mr. Speaker. The alternative minimum tax, and it was designed—and you can go back and read about it in the CONGRESSIONAL RECORD. It's all right there. It was designed to get them.

We've talked a lot about who the ''us'' are and who the ''them'' are. The ''them'' are the people with the money who aren't paying their fair share. Again, we can argue about what fair share is, but that's why we created the alternative minimum tax. The ''them'' weren't making the proper payments. And what it turned out to be was they really were making a lot of money and they really were itemizing a lot of deductions. So, really, they were wealthy folks who were doing all the things the Tax Code encouraged them to do, but they ended up paying zero, and the 80 percent of us didn't like it. We thought, Golly, they have lots of money; they shouldn't be paying zero; we should do better. So we created the alternative minimum tax.

Here's the thing. The alternative minimum tax is still on the books today. We did such a crummy job of trying to attack the rich back when we created the alternative minimum tax, it's grown out of control, and it now hits middle-income Americans all across the country, except that the Congress fixes it 1 year at the time.

That's one of the crazy things that you learn when you become a Congressman is that you don't actually solve problems long term; you apparently just fix them 1 year at the time so you can come back again next year and fix the same problem in the same way once again.

All the taxes in the Bush administration, all these taxes we talk about, the ones that President Bush passed in 2001 and 2003, the ones that President Obama extended in 2010, all of those taxes combined create $104 billion for next year. That's a $104 billion change.

Fixing the AMT, fixing the alternative minimum tax, solving this thing that we created in order to tax the rich, to keep it now from impacting the middle class, is going to cost 117. All the Bush tax cuts combined are 104. Fixing this problem that Congress created back in the early 1970s, 117. We don't do that well when we try to attack the ''them'' in order to avoid the burden on the ''us,'' and we're going to see that when we do the AMT patch again this year.

I want to close with this, Mr. Speaker. I have a chart here of who benefits from tax loopholes. Again, I'm a Fair Tax guy. H.R. 25, Mr. Speaker, I hope you'll go and pull it out, think about being a cosponsor if you're not already.

I want to change the way we do taxes in this country. But just by closing loopholes—and I hear the newspaper asking all the time: Which loopholes? What loopholes? How are you going to do that?

This shows who benefits from the loopholes, Mr. Speaker, in the Tax Code. It's not the bottom 20 percent. It's not the second 20 percent or the third or the fourth. It's not really even the top 20 percent. It's the top 1 percent.

So I would just encourage you, Mr. Speaker, to ask the President—as we're going through these discussions, he clearly has campaigned on getting more money out of the 1 percent.

I showed this chart, Mr. Speaker, that questions the morality of where we end up, questions what it means to our Republic at the end of the day if we continue to give so much of the burden to the few and leave the rest of us with none of the burden at all.

But if he is intent on doing that, he doesn't have to raise tax rates. He can do it through abolishing tax loopholes, which makes the Code fairer and more transparent to us all. We have a right to know what we have to pay in a tax code. These loopholes obscure it.

Mr. Speaker, I don't know what's going to happen in these final days. I know that the Speaker of this House is committed to doing the things that matter, to making a big difference for our children and for our grandchildren, to not kick the can down the road one more time. I pledge to support that plan, Mr. Speaker. I, too, did not come here to kick the can down the road. I came here to make the tough decisions.

And I say to my friends, and there are a lot of them out there who made tough decisions and they paid an electoral price for it. That's not a short list of folks. That's a long list of folks, and it happens every 2 years. You see people who had the courage to do what they thought was right, and they pay a price for that in terms of their political career.

□ 1340

But what I love about this institution, Mr. Speaker, these freshmen that I was elected with—you and I were elected with—these new freshmen that are coming in after this past election, I see men and women who care so much less about a political career and care so much more about doing things that matter for this Republic. I'm proud to be associated with them. And I'm convinced if we get past the rhetoric and get back to the discussion, we're going to be able to come up with a solution that the American people will be proud of and that we can be proud to tell our children and our grandchildren that we were a part of.

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

HONORING THE 50TH ANNIVERSARY OF LA ROCHE COLLEGE

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

Mr. ALTMIRE. I will not speak for nearly 60 minutes. I'm tempted to engage the gentleman, my good friend, Mr. WOODALL, in debate. But I won't do that because I know he's still smarting from his Bulldogs' loss over the weekend. And I'll let him continue to think about that. I very much enjoy the friendship and camaraderie with Mr. WOODALL, although we do have a difference of opinion on some of those issues.

Before we start, Madam Speaker, I would say to the individual who will be speaking following my presentation that I plan to only speak for about 5 minutes or less. This will not be an hour-long presentation. So the speaker who will follow me on the majority side, I recommend he hang near the floor because I will be wrapping up shortly.

Madam Speaker, I rise to commemorate the 50th anniversary of La Roche College. Founded in 1963 by the Sisters of Divine Providence in McCandless, Pennsylvania, a suburb of Pittsburgh, it was named in honor of Marie de la Roche, the first superior of the Congregation of the Sisters of Divine Providence. Originally a college for religious sisters, it now educates a diverse group of students from around the world, offering high-quality educational opportunities that continue to reflect its Catholic heritage.

Soon after its founding, La Roche experienced financial difficulties that threatened the school's existence. Due to the financial strain, the congregation at that time seriously considered permanently closing the college. However, because of the profound and positive impact the school made on the community in the short time its doors had been opened, the students, State officials, and the community leaders urged the congregation and the school's leadership to continue the mission of the school and to keep the school open.

Thankfully, due to the outpouring of support from the community, in 1970 the board amended its charter to establish La Roche College as an independent, coeducational Catholic institution, which it remains today. It also joined with the Art Institute of Pittsburgh and diversified its course offerings, expanding the areas of study the college would offer, including graphic and interior design programs that are among La Roche College's most popular programs today.

I was proud to serve on the Board of Trustees at La Roche College. It was during my time as a trustee that I had the wonderful opportunity to get to know the late Monsignor William Kerr, who served as La Roche's president for 12 years. It was during his tenure that the college established the Pacem in Terris Institute, a scholarship program for outstanding college-age men and women from conflict and post-conflict nations such as Rwanda and Bosnia. The institute allows students to receive an education at La Roche College to study leadership and diplomacy in return for their agreement to return to their home country after graduation to help engage in the peace process and rebuild their nations.

The institute successfully reflects the college's vision and mission to ''foster global citizenship.'' That program over the years has created a bond with some countries that is unlike any other institution of higher learning in America. It has had students go through the program that have gone back to their home countries and have very successfully become leaders in those countries. We are better off as a Nation and as a global community because of their work and because of that program which initiated and continues at La Roche College.

It was also during my time on the Board of Trustees in 2004 that La Roche College Board of Trustees appointed Sister Candace Introcaso as the college's seventh president. Sister Candace began her career in education at La Roche in the late 1980s, and it's under her leadership that the college has continued to expand its global footprint while placing a renewed focus on serving the needs of those in the Pittsburgh region. I had the privilege of working closely with Sister Candace during my time as a trustee and as the Congressman who now represents La Roche College. The future is bright for the college under her continued leadership.

La Roche College improves upon itself year after year. It continues to expand its academic offerings, with more than 50 undergraduate majors, 20 undergraduate minors, and three graduate programs. For six consecutive years, it has been named one of the Best Northeastern Colleges by the Princeton Review, and it fields 12 intercollegiate teams.

On many occasions my office used their facilities for workshops and town hall meetings. Over the years, La Roche students and faculty, as well as Sister Candace, came to visit my office on a number of occasions to discuss the importance of education to our country and their efforts to collaborate with the greater Pittsburgh and western Pennsylvania community for the betterment of our entire region.

Next year marks the 50th anniversary of La Roche College. Despite early financial troubles, the leadership of the college persevered, kept the doors open, and always stayed true to the