

net worth go down by 4.5 percent. The gap is \$120,900 versus \$17,000.

That is why the Congressional Black Caucus budget needs to address a special group with a special message. It needs to address black leaders, our budget, the Congressional Black Caucus alternative budget, has to address black leaders that if you think you are providing good leadership, if you are smug and you think we are going forward because you read these stories about the great movement forward of the black middle class and black middle-class families, how well off they are, then stop for a moment and consider what the hard statistics show: \$17,000 versus \$120,900.

We have much work to do and only education is our salvation in the minority community. There is no other way. A few people may hit the lottery. Maybe some folks are discovering gold mines somewhere in the world. But basically, the only way to accumulate wealth is to get an education and get a decent job and start the slow process of wealth accumulation in the family.

Let me rush now. I am running out of time. Education and job training then becomes the key to solving the great problem of the great gap in wealth. Our government must do everything possible to help solve that problem by making sure there is the opportunity to learn for everybody who wants to learn.

□ 2115

Point 7, since the Nation's security as well as its future economic stability and prosperity is directly dependent on the quality of education of its citizens, the budget should greatly increase Federal assistance for education from Head Start to title I, bilingual education, Historically Black Colleges and Universities, Hispanic Serving Higher Education Institutions, special education, education technology and on and on.

Since school buildings are essential for the implementation of all school improvements, the taboo must be ended, and the Federal grants for school construction must be provided. The President's budget is proposing construction grants, not loans, but only for charter schools. Let me just repeat that. There is a taboo, unfortunately many Democrats believe in it, too, but there is a taboo against offering money for school construction from the Federal Treasury. Somebody somewhere decided that school construction must be a function of the State governments and the local governments.

Now, they used to think that way about highways and roads; but we spent billions of dollars, Federal money, on highway roads because the modern national necessity required roads and highways that needed Federal help. We built the railroads. The railroads were financed by the Federal Government. The great linkup of the Pacific and the Atlantic, most people do not understand, it was not done by private money. It was the Federal Gov-

ernment that financed the railroads; and private railroads then, of course, had a way to take advantage of that as in the case of much government experimentation and research and development, benefit greatly.

Here we are. The President's budget breaks the taboo by saying we will give \$175 million to charter schools for construction. If it is okay to give construction money to charter schools, why not all schools? Why have a taboo on public schools in general? It just so happens that politically, for partisan political reasons, chartered schools are favored. So we are going to have \$175 million. We are not going to give a cent to public schools for school construction.

We have some kind of program that is sponsored by two Members of the House for loaning to school districts who do not want to borrow any more money. So even if we pass that, it will not do much good in terms of providing for the school construction needs we have.

Point 8, significant Federal initiatives for education reform such as No Child Left Behind cannot be implemented effectively while local education agencies are under assault from State and local budget cuts; therefore, an emergency targeted revenue sharing for education programs must be legislated.

Point 9, job training programs must be rescued from the downward spiral of budget cuts. It must be made complementary and compatible with our overall education efforts as well as the changing occupational needs generated by new challenges to homeland security and global competition.

Under Health, Human Services and Safety Nets, while the recently released Democratic Caucus Prescription Drug Plan with a \$25 premium should be endorsed, that is, we have a plan. The Democrats have a plan that makes sense. Democrats have a plan that is in keeping with what other modern governments are doing for their populace. So we should support that plan, but there are other health care needs that must be addressed in our current budget.

Of greatest significance to the CDC are the President's proposals to have the Federal Government abandon Medicaid; and I have talked about that swindle, and we must stop that.

Welfare reform must be revisited and made more humane by providing more in cash payments for children. They should also provide money to allow any head of a welfare family to go to school for at least 2 years of college and be able to qualify for these jobs that are available like nurses' jobs or experts in cleaning up of anthrax.

Point 10, a coordination and calibration of the services provided to families under title XX with the goals of assisting low-income youth who are in the No Child Left Behind schools must be appropriately funded.

There are many other points that I do not care to go into. I want to con-

clude by saying there was a time when we had Draconian cuts proposed for education shortly after the Republican majority took over, and I opposed those cuts at that time by reciting a little poem called "The Nation Needs Your Lunch." They were proposing cuts in lunch programs in order to cut and save the budget. The Nation needs your lunch. Kids of America, there is a fiscal crunch. This regulation now needs your lunch. Things are becoming that absurd. We are cutting out vitally needed programs. Head Start is going to be cut. We are cutting vitally needed health programs for children, et cetera. We are a great Nation and we can do better than that.

I want to end with a new poem, a new rap poem which I think is very relevant:

"Stop the war!  
We need the cash!  
Tank battles escalate!  
Into nuclear ash.  
Stop the war!  
We need the cash!  
Give Medicaid families  
All of Rumsfeld's stash.  
Throw the body bags  
Into the trash.  
Stop the war!  
Welfare mothers  
Rush to cry,  
Soldiers from the ranks of  
The poor will be the first to die.  
Stop the war!  
Dragging democracy to its knees  
With friendly fire  
Camouflaged by orange alert excitement  
Ashcroft decrees  
The Constitution's indictment.  
Silent objectors will be spared,  
Enemy combatants  
All demonstrators have been declared.  
Stop the war!  
We need the cash!  
Vietnam had  
Profound lessons to teach;  
Empires fall  
When they overreach.  
Stop the war!"

#### THE BUDGET DEFICIT

The SPEAKER pro tempore (Mrs. BLACKBURN). Under the Speaker's announced policy of January 7, 2003, the gentleman from Michigan (Mr. SMITH) is recognized for 60 minutes.

Mr. SMITH of Michigan. Madam Speaker, I thank the Chair for this opportunity and if I could ask one of our pages to put a couple of charts up here.

Right now in the United States House of Representatives, the Committee on the Budget is marking up, what we call it is marking up, the budget for the 2004 fiscal year. The 2004 fiscal year starts next September 30, and we are looking at a budget that is going to be a little more conservative on discretionary spending but still looking at spending that has been increasing almost 7.5 percent a year, and that has led us into a very serious problem.

Probably at the present time, though overshadowed by national security and the conflict in Iraq, this year's budget is very important to the future of our kids and certainly to the future of our economy in this country. We must reverse the tendency to spend more and more money.

If my colleagues can imagine a chart that projects the increase in spending, and we do not have to imagine, this shows where we are going on the increase in debt and so it is going to represent the increase of this House Chamber to spend more and more money; and of course, what happens politically, if we bring home pork barrel projects, then we get on television, we cut the ribbon and probably we are more likely to get re-elected. So the tendency of Members of Congress, both in the House and Senate, is to make more promises of things they are going to bring home and end up spending more money, and that is what has led us to a very serious dilemma.

It seems reasonable that the increase in spending for the Federal Government should not be any more than the increase experienced by the average family in the United States; and yet, what is happening in government is we are spending three and four times the rate of inflation as far as the increase in spending over the last several years; and that is, of course, leading us into a very serious deficit, and let me just give my colleagues my thoughts on why this deficit and the larger debt is not good for our future.

Deficit, by the way, just to get our terminology straight, deficit spending means how much we overspend in any 1 year, how much spending is greater than the revenues coming into government, and then we add up that deficit for that year, and it adds to the total debt. The total debt of this country right now is \$6.4 trillion. When I came to Congress just 10 years ago, it was just a little over \$4 trillion. So a dramatic increase. So about \$2 trillion increase in the 10 years I have been in Congress, but here is the prognosis for what we expect to happen in this 2-year session of Congress, and that is another \$1 trillion increase, \$1 trillion or more.

The projected deficit this fiscal year is \$436 billion. For next year, it is \$435 billion, and I say projected and emphasize that word because it does not include the supplemental that is coming in. It does not include the additional tens of billions of dollars that will be required as we continue in Afghanistan, if we go to war in Iraq. So we are approaching a half a trillion dollars overspending.

This is a swing of more than \$7 billion in just this 3-year period between the year 2000 when we had a \$236 billion surplus to this kind of deficit spending in just that 3-year period out of a \$2.1 trillion budget. Huge differences. I mean, the economy certainly is part of it. So as the economy is sluggish and goes down, earnings are less from both individuals and businesses, so tax reve-

nues are less. Expenses are more and so we are facing a war-type situation on whatever happens in Iraq, what we do in the war on terrorism; and so it is reasonable to some extent to go ahead and borrow a little more for those purposes, but we should be very conscious of the fact that we are continuing to spend in other discretionary spending 7.5 percent a year, much faster than inflation, of course, anyplace.

This shift in the budget certainly represents unrestrained spending, and that is what many of us are suggesting to the Committee on the Budget as they meet now, where some of the Democrats are suggesting, look, we should spend more for education, we should spend more for health care. There are hundreds of problems that need to be solved in the United States today, especially when individual States are hitting their budget crunch, but to ask government to increase borrowing to solve our problems is in a way saying to our kids and our grandkids that our problems today are so important and we do not think your problems, when you grow up and start paying your taxes, are going to be that important. So we are saying we want you to pay for today's spending that this Congress is suggesting in terms of all of the important programs that we might spend money for.

What greatly concerns me is that government spending grew explosively even as revenues have declined. Discretionary spending increases have been at least 6 percent each year since 1965 and at least 7.4 percent. Each year since 1998, there is four times the rate of inflation. The President's proposed budget is 3.5 percent increase for 2004 which is still as conservative as it is, still close to twice the rate of inflation.

Now, the gentleman from Maryland (Mr. BARTLETT) came and looked at this gross Federal debt and its components bar graph. So if he would like to come down and go over the bar graph to help describe the predicament, and I hesitate to say lies, but certainly hoodwinking of a lot of American people that at one time when we start bragging that the debt is going down, when actually the top blue line, it has never gone down, a little slow-down during 1998, 1999; but the total debt of this Federal Government has never gone down and the projection of ever bringing into balance the gross Federal debt is a long ways off, even though if we pretend that we do not owe the Social Security trust fund, when extra moneys come in, if we pretend that, if we pretend that it is not something that we owe the trust fund to Federal employees or the military as they pay in for their retirement funds, then we might have a balanced budget by 2007.

□ 2130

But that is not honest.

Madam Speaker, I yield to the gentleman from Maryland, and I even brought him a pointer.

Mr. BARTLETT of Maryland. I thank the gentleman very much. I spent, in a

former life, 24 years teaching, and so this is like coming home to me.

This is a very interesting graph, and it points out some interesting things about the budget and about the deficit and about surpluses. Here we have three curves, and these three curves are labeled. The gross Federal debt. That is more often referred to as the national debt. And then there is the public debt. Now, this is the debt that we advertized that we were paying down during the 4 or 5 years of surpluses. And it is true. You can see that debt fell off slightly during the 4 or 5 years of surpluses.

But look at what was happening concomitant with that, and that was the debt held by government accounts. Now, another way of referring to that debt is that this is the debt owed to our children and our grandchildren, in large measure. This is the trust fund debt. These are the surpluses and the trust funds that we have collected from our working people, many of them our children and our grandchildren, to be there for them for their retirement and for their Medicare. We have taken that money and spent that money.

So all the while that we told the American people that we were paying down the public debt, the total debt, that is the debt on which interest is accumulating and the debt which we owe, is going up and ever up. There was not, as a matter of fact, a moment in time during those 4 or 5 years of our so-called surpluses that the gross Federal debt or the national debt actually came down. There were 14 months when the revenues exceeded the expenditures, but that is because of quarterly filings and April 15 and so forth.

If the Federal Government were required to keep its books on the accrual basis, which is the way every American company that handles more than \$1 million a year, and we handle a whole lot more than \$1 million a year, then there never was a moment in time when in fact the national debt, here labeled the gross Federal debt, went down.

Now, the fact that we were paying down the debt held by the public, the public debt, was good news for us here today. The low interest rates are at least partially due to the fact that we have paid down this debt somewhat. The Federal Government was not competing in the open market for dollars, and so interest rates dropped. So the low interest on your home, the low interest on your auto loan, which frequently is zero now, the low interest on your children's loan for tuition, all of that is due to the fact that we were paying down this public debt.

But the flip side of that is that for every dollar of public debt that we paid down by taking money from the trust funds, we accumulated another dollar debt in the trust fund. So that the sum of those two, always the sum of these two, equals the gross Federal debt.

Mr. SMITH of Michigan. If the gentleman will yield for a moment, just a

little more to emphasize the servicing of this debt as it grows bigger and bigger.

Last year, it took 11.4 percent of our total budget to pay the interest on this kind of debt, the \$6.4 trillion. But what if the economy recovers; and what if then the Federal Government is out there in the marketplace bidding against business and whoever else, the homeowners or potential homeowners, whoever wants to borrow some money? Here is government at the auction saying, we are just going to be the highest bidder because we need this much money to service the huge debt load that we have now obligated ourselves to. Interest rates are going to go up.

As government goes deeper in debt, they are going to be competitive in the marketplace and drive up interest rates. And if we go up with interest rates where we were several years ago, that 11.4 percent of the total Federal budget could easily double and it could be depriving potential homeowners, potential car buyers, potential business expanders from borrowing the money they need. So if the gentleman would excuse the interruption, I think it is so important that we look at the downside to the economy of accumulating this kind of debt as well as the unconscionable burden it places on our kids and our grandkids.

Mr. BARTLETT of Maryland. Well, that is exactly right. And if we look at the size of that expenditure, 11.4 percent, that is just a little lower than the roughly 15 percent that we spend on our military. And if interest rates rise, the amount of money that we spend on servicing the debt could be larger than the amount of money we spend on our military, which for a single item is certainly the largest number in our budget. So the interest on the debt could become the largest single expenditure in our budget.

Every year that we do not balance our budget makes it just that much more difficult to balance the budget the next year because we are going to have to pay more interest on the additional money that we have borrowed. So as year by year goes by and this debt goes up and up and up, it is going to be increasingly difficult to balance the budget.

Now, what we are telling our children and our grandchildren is that we cannot run our government on current revenues. And because the things we want to spend money on are so important, we hope that you will understand that we have to borrow money from your generation. So that when it comes time for you to run the government, not only will you have to run the government on current revenues, but you are going to have to pay back all of the money that we have borrowed from your generation. I do not think that is fair. I do not believe my children think that is fair. And I do not believe my grandchildren think that is fair.

I would like to talk for just a moment about this debt held by govern-

ment accounts, or the trust fund debt. By law now the only place that we can invest surpluses in our trust funds is in nonnegotiable U.S. securities. That means when they take some FICA money, tax, from you, you see it on your pay stub and that goes into this account in Washington. Immediately there is a big computer that recognizes that that money has gone there, and so it, in effect, prints an IOU and it puts the IOU in the account and it takes the money out so that there is, in fact, no money in any of these trust funds.

Now, there are a lot of different trust funds, 50 odd trust funds. The largest of these trust funds is Social Security. The surpluses this year in the Social Security surplus will be about \$161 billion. The next largest trust fund is the Civil Service Retirement Trust Fund, then the Railroad Retirement Trust Fund, and the Transportation Trust Fund, and the Airport Trust Fund, and it goes on and on through a list of smaller and smaller trust funds equally, about 50 of these trust funds. This year, the accumulated surpluses in these trust funds will be almost \$200 billion, \$191 plus billion surpluses, in these trust funds.

Now, what this means is, since the only place by law that we can invest surpluses in these trust funds is in nonnegotiable U.S. securities, this debt is bound to go on as long as this law stays in effect. What that means is that government will always be increasing the debt by that amount. Because that money comes in and it can only be invested in nonnegotiable U.S. securities. And there is no way that money in Washington will not be spent.

Mr. SMITH of Michigan. If the gentleman would yield, I think it is good to put a footnote in terms of what historically government has done to have extra money coming in to these trust funds so that government can go ahead and spend that money.

I think the gentleman has made it clear that when there is extra money coming into these trust funds an IOU is written and government spends that money for regular government spending. It is not put into any account.

Social Security, for example. We started Social Security in 1934. Every time that the trust fund started going down and there was not enough surplus, what did government do? It increased the tax rate on workers in this country. So we went from a 1.5 percent tax rate and now we are paying a 12.4 percent tax rate into the Federal Government.

In 1993, the taxes were raised so much on workers that we are experiencing more money coming in from the Social Security FICA tax than is needed. And so that money, the \$161 billion that the gentleman suggested we are having this year, is now spent for other government expenditures. But it is still owed. Sometime, someplace, somewhere we are going to have to come up with that money, and it is going to start just a few years from now, in 2015 or 2016.

So I wanted to make the point that government, when they get in trouble, and usually the tendency is that we do not deal with difficult problems such as overspending, such as Social Security, such as Medicare, until a catastrophe hits, and the longer we put off these decisions the more drastic those solutions are going to be. So let us not force government into again raising the FICA tax, where 75 percent of the American workers pay more in the FICA tax than they do in the income tax.

If the gentleman, just for a minute, and I think we will want to put that chart back up, but if the gentleman would take that chart off, we will see a chart that represents spending over the last 10 years, where spending has gone up every year by an average of 7.5 percent.

Now, discretionary spending, and discretionary means that Congress decides every year through our budget process, through our appropriation process how much we are going to spend, and the tendency has been to just spend more. And we should not forget it is taxpayer money. And increasing taxes are not wise politically, because people have to reach into their pockets and pay those taxes. More and more people are looking at their bi-weekly paychecks or their monthly paychecks and saying, my gosh, look at the taxes that I am paying to the Federal Government. But that is only part of it, because now we have a hidden tax or a future tax by increased borrowing and increasing debt and the deficit spending.

Madam Speaker, I would yield back to the gentleman.

Mr. BARTLETT of Maryland. I thank the gentleman. And this is an interesting curve. When the gentleman said we are increasing our spending by about 7 percent a year, that seems to be a steady rate of increase. But it is interesting that when we have a steady rate of increase, the amount that we are increasing rises exponentially. And that is just the characteristic of this kind of a rise. So if this continues, just at the 7 percent, this curve gets steeper and steeper and steeper as time goes on. It is compounding interest.

There is a namesake of mine, I guess he is my namesake, because he is a bit older than I, at the University of Colorado who says the biggest failure of our industrial society is our inability to understand the exponential function. That exponential function, if we keep on increasing spending at this rate, will eventually bury us.

Let me put this original chart back up for a moment, and I just want to talk for a moment about these trust funds and lockboxes. Now, we heard an awful lot, while we had surpluses, about lockboxes. And, by the way, that is a word we have not heard since we stopped having surpluses. Nobody talks about lockboxes anymore. We had a lockbox first on Social Security and then we had a lockbox on Medicare.

Now, what this lockbox said was if we had a surplus in those accounts, and we did, and we do, and we will have for a while, but the reason we have surpluses in those accounts now is because actuarially we have a generation of people that are going to retire in the future. And unless we accumulate a lot of money for their retirement, there will be no Social Security checks for them. There will be no Medicare coverage for them. So that is the reason we have these accumulated surpluses. It is not that we can cut taxes because we have these surpluses, because we are going to need them in spades.

Now, that lockbox had nothing to do with preserving or protecting Social Security. We have not, as a matter of fact, done anything to preserve and protect Social Security. I am delighted we are talking about it. Seven years ago, 8 years ago, if I talked about Social Security, that would have been perceived by seniors as a threat to their Social Security. I would have lost a lot of votes. And so nobody even talked about Social Security.

Mr. SMITH of Michigan. If the gentleman will yield on this point. I was made chairman of a bipartisan Social Security task force. And it was interesting that after all of the Members learned the facts and learned the serious situation of Social Security running out of money; in other words, less money coming in than we were going to have to pay out in promised benefits, all, everybody, Republicans and Democrats, said, look, we have got to reform Social Security.

□ 2145

But I think part of the sadness of this story is the temptation and what we have seen Washington do so often is to maybe be not totally truthful with the American people in terms of whether you call it a lockbox and we are not going to spend the surplus from Social Security, or whether we are paying down the debt when actually the total debt of this country is increasing. I think it behooves every voter, every concerned citizen, every young person who this tremendous load is going to fall on to pay the increased costs of servicing this huge debt, and mostly likely it is going to result in higher taxes. Retirees should be concerned because the temptation of government is to reduce benefits and increase taxes.

Mr. BARTLETT of Maryland. I would like to talk about the balanced budget that we had and surpluses. There was a balanced budget, and there were some surpluses. The balanced budget was the unified budget. That is all of the money that comes into Washington and all of the money that Washington spends. But about 10 percent of the money that comes into Washington should not be Washington's money to spend because it is taken from the American people presumably to be put in trust for the American people to make available to them such things as civil service retirement, as Medicare

benefits, and as Social Security retirement in later years. So there was a surplus, but it was not a surplus that resulted in paying down the debt.

Now a debt was paid down. The debt that was paid down was the public debt, and I am sure the average citizen had no idea that there were two debts, a public debt and the national debt. While we paid down the public debt, the national debt kept going up. As I mentioned earlier, I checked with the CBO, and there was not a moment in time during those 4 or 5 years when Washington was telling the American people that we were paying down the debt when in fact the debt that really mattered, the debt that we are passing on our children and grandchildren, there never was a moment in time when that debt went down. It went up. That debt is projected to go up faster and faster over the next several years. Looking at the curve, in the next 2 years, this jumps up just about half a trillion dollars. The advertised deficit is only \$245 billion; but the real deficit is going to be roughly twice that because we have to add to whatever Washington tells us the deficit is, we have to add to that the monies that are taken from the trust fund.

Now, this whole trust fund charade started during the Johnson years. Those who are older remember his guns and butter. He was running deficits that were embarrassingly high. So what his administration did to hide those deficits was to move those trust funds on budget and then take the surpluses in the trust funds and spend them and pretend that was not debt.

They make the perfectly silly statement the Social Security surplus offsets the deficits. For me this year that is true because I did not have to go, as a part of this government, out in the marketplace and borrow dollars because what I did, without their consent, was to borrow that money from my children and grandchildren. As a matter of fact, what we have here, what we are amassing here is the largest intergenerational transfer of debt probably in the history of mankind. Eleven years ago when I ran for Congress, I promised my constituents that I was going to conduct myself down here so my kids and grandkids would not come and spit on my grave. I have tried to do that. That is why I have always been honest with my constituents.

For all of those years that we were saying that we had a surplus and were paying down the debt, I told audiences that it will probably not surprise them to learn that Washington is not being altogether truthful. We are paying down the debt. It is the public debt; but the public debt is only part of the national debt, which is a sum that is really important because we have to add to the public debt the debt accumulated in the trust funds which we have borrowed. That just keeps going up.

Mr. SMITH of Michigan. Madam Speaker, if the gentleman were to put

his pointer on the green line, even the bragging of paying down part of that public debt lasted such a short time because of the increase in total spending by this Congress and the Presidents.

Mr. BARTLETT of Maryland. Projecting this out, we will buy and buy, and have a lesser appetite for borrowing from the public.

Pigs may fly, too, but I think that is about as likely as the Federal Government paying this debt.

Mr. SMITH of Michigan. Madam Speaker, let us talk about monetizing the debt because some economists have said all we need to do is monetize the debt. That means printing more money and having inflation making it easier for the government to pay down that debt.

Mr. BARTLETT of Maryland. That is right. That is what happened in Russia today. So their senior citizens who worked a lifetime to earn a retirement, now have \$5 to \$6 a month for their retirement. We could monetize the debt. We could cause such inflation in this country by printing money that is not represented by goods and services, and that is what inflation is. We could do that so it would be easy to pay down this debt because we would be paying it down with cheap dollars, but the people who really get hurt are those people who have worked hard and are counting on retiring on interest. We have destroyed their retirement. We have no right to talk about doing this to people in the future.

Mr. SMITH of Michigan. Imagine for a moment as a family or a business and you go into debt, nobody does that without some kind of plan to pay back that increase, maybe emergency money, that you are borrowing. But in every situation there is a plan to pay back what you borrowed. Not true with the Federal Government. There are no plans, no prospects of paying back this debt, except some time it is going to get so high and servicing this debt, the interest which is now 11.4 percent of our total budget, and we are borrowing money at a very, very low interest rate right now, 3 to 4 percent, that could easily go to a situation where we are paying twice that or even more than twice that.

Like the gentleman from Maryland (Mr. BARTLETT) said, servicing that debt, interest on the debt could be more than our military expenditures for this United States. Even at this time, right now we are approaching 17 percent for defense spending; and so it is easy to see if we do not control spending, if we are not conscious of the real truth in what the debt is doing and what it is doing to our future and our kids and the economy, then we are going to continue on that curve upward. Already at the top right-hand side of the curve, Members can see we are approaching a \$10 trillion debt.

In the first 180 years of this country's history, our total spending did not amount to as much as the spending for

this next fiscal year that we are projecting, a little over \$2 trillion. So government has grown much faster than the rest of the economy. What does this mean? We have not used the word "socialism," but I think as government is bigger and does more things and does not empower people but empowers the Federal Government, we become more socialistic. And people are expected to pay in based on their ability to pay in, and take out based on their needs.

I think what has made this country great is the fact that those that learn and apply, those that work hard and save, those that invest end up better off than those that do not. That has been part of the motivation of our Constitution, which has brought us to the best, the strongest economy in our world in our last 226 years. How do we keep people's eyes from glazing over when we talk about going deeper in debt, and we hear justifications, that debt is manageable as a percentage of GDP? But just on a commonsense, logical basis, should we be passing this burden on to our kids and grandchildren?

How many grandmothers and grandfathers would be saying, if they understood the burden that they are putting on their grandchildren, we will do with a little less, but the Federal Government has to hold the line on spending?

Mr. BARTLETT of Maryland. Madam Speaker, the average American has little idea of how much tax they pay. The last year for which I saw data, tax freedom day was May 10. Every American citizen works up through May 10 to pay Federal, State, and local taxes. On May 10, Americans will have paid all of their taxes; but May 11, do not count on working for yourself because for the next 7 weeks, up until July 6 last year, every American had to work full time to pay the cruelest tax of all, the most regressive tax we pay, it is the worst tax for our poorest people because the poorest of the poor have to pay this tax, just like the richest pay the tax. There is no exemption from this tax, there is no deduction for this tax, and it is the favorite tax of my liberal friends who do not understand how really regressive this tax is. And what this tax is, it is unfunded Federal mandates. It is all of the laws that we have passed here that require a State or a county or a city or a business to do something that costs them money which we do not pay for in the Federal budget. It is called an unfunded Federal mandate, and that consumes the working time of every American for about 7 weeks, that is, 52 percent of your time is spent working for the government.

Mr. SMITH of Michigan. Madam Speaker, in the last few days, a lot of local representatives of local government are coming into Washington complaining about these unfunded mandates. Here is the Federal Government, since we like to not spend the money maybe and not have the debt look so bad, we simply pass a law that the

State or a local unit of government has to do it.

We have to watch and guard against that as we look at a new Department of Homeland Security and the tendency of this Department to put out regulations and rules and mandates of what local governments should do. If we put out a mandate, then the gentleman from Maryland and I both agreed that the Federal Government should pay for it if we are going to demand that a local municipality or State is going to provide those services. If the Federal Government is passing a law for local units of government or companies, then the Federal Government has a responsibility to pay for it.

Mr. BARTLETT of Maryland. I think the most important thing to remember here is what we are doing here does not affect just you and me this year and our taxes; it is going to affect our kids and our grandkids.

I just cannot in good conscience continue to pass on to my kids and my grandkids this ever-increasing debt. What we are telling them is that it is impossible for us to run our government on current revenues because our needs are so important; they need to understand that we have to borrow from their generation so that we can continue to live the way we are living now in our generation.

□ 2200

We are telling them that, Sally and John, when it comes time for you to run the government, not only are you going to have to run the government on current revenues, but you are going to have to pay back all the money that we borrowed from your generation. Milton Friedman observed that government spends all the money you give it plus as much more as it can get away with.

Washington loves to spend money. Whenever a new bill comes up that has more money in it than we had in it last year, the question is always asked, if we spend more money, can we help more people? That is not the right question to ask. Of course if we spend more money we will help some more people. But the right question to ask is would this money help more people if we left it in the private sector than if we took it into the government and spent it? The answer to that question is almost always, except for running the military perhaps, that the money will do more good when left in the private sector.

So you listen to people here on the floor, they are always making the wrong point. They are always asking the wrong question. What they are saying is, if we spend more money, will we help more people? Yes. But that is not the right question. The right question is, if we left this money in the private sector, would it help more people than if we took it into the government and spent it? Almost every time the answer to that question is, please leave it in the private sector.

Mr. SMITH of Michigan. It is interesting that the original framers of our Constitution put in the Constitution that there would not be a tax based on income. They were looking at ways to structure a United States that encouraged effort, that encouraged work. We eventually amended that so we started saying, well, we will start out with a 1 percent tax on what you earned, now it goes up to 39½ percent of what you earn. It says to a young couple that wants to do a little better for their kids, we are going to tax you so much if you go out and get a job, but if you work an extra half shift or a full shift and earn more money, we are not only going to tax that extra earning but we are going to tax it at a higher rate. It has tended to be in many cases a discouragement for the kind of productivity that has made us so great in the first place.

As we look at our tax revision and how do we make our tax more fair, how do we have a tax that encourages savings, that encourages investment, it is something that has to be done to our very complicated Tax Code, where lobbyists and special interest groups have come in and got special favors for the sectors that they represent, often to the cost and expense of so many American taxpayers.

I think the points that we want to stress as we conclude tonight's session are, I think everybody during the next election should ask every Member of Congress that is running for Congress why they are increasing the debt that our kids and our grandkids are going to have to pay off, what they are going to do about Social Security, what they are going to do about Medicare. As the workforce goes down, the demographics, if you will, as there are fewer people working to pay all of the benefits for seniors, I think we should be asking Members of Congress, what is the honest reality of increased spending, that increased debt, and what are the unfunded liabilities of government, and there are so many unfunded liabilities, what we are eventually going to have to pay that is not considered in this budget. In fact, Social Security is the only revenue that has been taken off-budget so that you can see it on a separate line. Most of the intergovernment expenses are still considered under the budget, under the general fund.

Let me give you one example. All of the Members of Congress, all of the employees of the United States Government, there is no money that actually goes into the Social Security Administration. What happens is there is simply an IOU written for all of these Federal employees, Members of Congress, this is an IOU of how much we owe you for that 12.4 percent of the payroll of Federal Government workers and Members of Congress. There is a lot of pretense in the budget and honesty is going to be the basis and understanding how the debt is growing and the consequences of each annual deficit

that adds into a larger and larger debt, understanding the consequences of how it affects our economic future and the future of our kids.

Mr. BARTLETT of Maryland. You mentioned our Founding Fathers. It might be instructive to seek their counsel and to look back at how we got here and their dreams for this country. Our Founding Fathers came mostly from the British Isles and the European continent. If you think back in your history, almost all of them came from a country that was ruled by a king or an emperor who claimed and, incredibly from our perspective, was granted divine rights. What that says is that the rights came from God to the king or the emperor. They were divine rights. He would give what rights he wished to his people. When our Founding Fathers came here, in that Declaration of Independence, they made a very radical statement and we read it and seldom reflect on how radical it was. They said there that all men are created equal. The country they came from did not believe that because they thought the king and the emperor was created more equal, if we can use the term from Animal Farm. And that we are endowed by our Creator with certain unalienable rights. Among these are life, liberty and the pursuit of happiness. And what our Founding Fathers wanted to establish was a very limited government. They did that by writing into the Constitution, and I always carry a copy of it, in article 1, section 8, and these are just the words between my two thumbs. That is not much. This describes all of the powers that they granted to the Federal Government.

Just after I came here, about 10 years ago, I was given 3½ minutes in debate. That is a long time in debate. It was about a land grab that I thought was unconstitutional. So I took out my Constitution and I went down it. I am not going to read every word in this, it is not much if I read it all, but I just hit the highlights of each of these little paragraphs. You can see that they are little paragraphs.

That Congress shall have power to lay and collect taxes. We learned how to do that, did we not?

To borrow money. We are doing that big time.

To regulate commerce.

To establish a uniform rule of naturalization.

To coin money and regulate the value thereof. Somehow we gave that away to the Federal Reserve without amending the Constitution. I do not quite know how we did that.

Provide for the punishment of counterfeiting.

Establish post offices and post roads.

Promote the progress of science. These are copyrights and patents.

Constitute tribunals inferior to the Supreme Court. This is our lower courts.

Define and punish piracies and felonies.

And then about a third of all of these words deal with our control of the military.

To declare war. We do that. The President does not do that.

Raise and support armies.

Provide and maintain a Navy.

Make rules for the government and regulation of the land and naval forces.

Provide for calling forth the militia.

Provide for organizing, arming and disciplining the militia.

And then a big paragraph on the District of Columbia, to exercise exclusive legislation in all cases whatsoever. I am really supportive of home rule, but I do not know how we gave Washington home rule without amending the Constitution, which I think we should have done.

When I finished doing this, I went to leave and the recording clerk that sits just behind me came up the aisle behind me and tapped on my shoulder and said, What was that you were reading from? Oh, I said, that is the Constitution.

Can I see it? I hand it to them.

Can I copy it? They took it back and copied it.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mrs. BLACKBURN). The Chair will remind Members that it is inappropriate in debate to refer to other Members by their first names.

Mr. BARTLETT of Maryland. Madam Speaker, our Founding Fathers were so concerned that someone might not understand that they really meant to have a limited Federal Government, that just 4 years later, in 1791, they wrote 12 amendments that started through the process of two-thirds of the House, two-thirds of the Senate, three-fourths of the State legislatures, 10 of those made it through, we know that there was a Bill of Rights, and the 10th amendment in the Bill of Rights, the most violated amendment in the Constitution, the least referred to amendment in the Constitution probably, says very simply, the powers not delegated to the United States by the Constitution nor prohibited by it to the States are reserved to the States respectively or to the people. That is old English and that is legalese. If we put that in modern everyday language what it says is if you can't find it in article 1, section 8, you can't do it.

I brought this up because this is the reason that we have this problem, an ever increasing debt, because we have not recognized the limited Federal Government that our Founding Fathers envisioned for us. Were they to be resurrected today and come see what we have done to their country, they might have a heart attack and die very quickly again. But they could not have imagined that the Federal Government would be what it is today, doing all of the things, little of which, by the way, can be justified by article 1, section 8, which is supposed to define what we do. So one way of solving our problem is a return to truly constitutional govern-

ment, to stop doing those things that in their wisdom they knew could be done better in the private sector. We need to keep asking that question over and over again. Where will this money do the most good? Spent by government or left in the private sector to provide jobs and resources for our people?

Mr. SMITH of Michigan. Let us make clear, left in the private sector means being left in the pockets of the people that earn it. I would like to finish up on I think somewhat of a little bit of a positive note. In spite of the dilemma and the projection for increased deficits, the Republican Conference met this morning. We talked about our determination to hold the line on spending. The Committee on the Budget that is still meeting, I think, at this hour of the night to pass out their final resolution does a couple of things. It says let us reduce spending, discretionary spending outside of defense and homeland security. Let us reduce that discretionary spending by 1 percent across the board. And then if this budget is passed by the House and the Senate, it will go to the appropriators and it will be up to the appropriators to decide how to move some of that discretionary funding around so that they end up actually reducing, for the first time in the gentleman from Maryland's career here in Congress, in my career in Congress, because we came together in 1993, it will be the first time that there has actually been some reduction in discretionary spending outside of defense, and in this case also outside of homeland security. So a little good news. Let us hope that we have the intestinal fortitude, the determination to do what is right and at least start a beginning of being honest of what the debt is and how much it is and slowing down spending.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 5, HELP EFFICIENT, ACCESSIBLE, LOW COST, TIMELY HEALTHCARE (HEALTH) ACT OF 2003

Mr. REYNOLDS (during Special Order of Mr. SMITH of Michigan), from the Committee on Rules, submitted a privileged report (Rept. No. 108-34) on the resolution (H. Res. 139) providing for consideration of the bill (H.R. 5) to improve patient access to health care services and provide improved medical care by reducing the excessive burden the liability system places on the health care delivery system, which was referred to the House Calendar and ordered to be printed.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. HYDE (at the request of Mr. DELAY) for March 11 and the balance of the week on account of medical reasons.