

signed an Act that implemented the Convention and criminalized genocide under U.S. law—putting the United States on record as being strongly opposed to the heinous crime of genocide. This year marks the 15th anniversary of the signing of that convention.

I will soon introduce a resolution, along with my colleague Mr. RADANOVICH and several other Members of Congress, that recognizes this important step taken by the United States 15 years ago, to ensure that the lessons of the Holocaust, the Armenian Genocide, and the genocides in Cambodia and Rwanda, among others, will not be forgotten.

Euphemisms, vague terminology or calls for more discussions are just some of the dodges used to avoid Turkish discomfort with its Ottoman past. There is nothing to discuss, there is nothing to discover, there is nothing to be gained by denial—but there is much to be lost.

Let us not minimize the deliberate murder of 1.5 million Armenians. Let us not equivocate. Let us not temporize. Let us instead pay homage to the memory of those innocent victims and honor the courage of the survivors. Let us call genocide, genocide.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mrs. MALONEY) is recognized for 5 minutes.

(Mrs. MALONEY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

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

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

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

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

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

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

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

(Ms. JACKSON-LEE of Texas addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

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

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

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

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

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

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

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

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

DEFICITS, THE DEBT AND FISCAL RESPONSIBILITY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from Washington (Mr. SMITH) is recognized for 60 minutes as the designee of the minority leader.

Mr. SMITH of Washington. Mr. Speaker, I appreciate the opportunity to come and address the Chamber this evening. I want to talk about deficits, the debt and fiscal responsibility.

There was a time in this country when those issues were very, very important. It dominated public debate in this country in the 1980s and well into the 1990s as we saw our deficit on a yearly basis explode and the overall debt go up to levels that started to concern people. There was a constant battle to try to figure out how to get that debt under control and get our budget balanced on a yearly basis.

In recent years, that debate has drifted away. Part of that makes sense. After 9/11, with the slowdown in the economy, with the war in Iraq, there is no question that it makes a certain amount of sense to run short-term deficits in at this point. In emergency situations, that is what you do.

My concern and the concern of the New Democrats, which I represent and work with, is that far from simply saying, well, for the time being we are not going to pay as much attention to deficits, it has gotten to the point in Congress and with the White House where it seems like they do not care about them at all, they do not care what the numbers are and they do not think they are important, and that is a very, very dangerous policy and one that we must correct.

So this evening I want to talk about, first of all, putting it back into context

and letting folks know where the deficit is at, where the debt is at. In recent years we have not focused on it that much, and I think people have totally forgotten what those numbers are. It is important to be aware of what those numbers are.

The second issue is to remind folks that the deficit and the debt matter. We have heard some truly bizarre talk here in recent months, coming primarily from conservatives, conservatives who just a few short years ago were arguing that we ought to have a constitutional amendment to balance the budget, we ought to require that it be balanced, never have it be an option to run a yearly deficit. Those same people are now saying deficits probably do not really matter that much.

I think they were probably wrong in both, requiring a constitutional amendment and now in saying that the deficits do not matter. Deficits do matter. Now, there are times when you should probably go ahead and run one because of an emergency situation, so a constitutional amendment to balance the budget would unduly restrict our Federal Government. But to go from that to saying that they just do not matter at all is ridiculous. So what I want to start out with is showing where the numbers are at and just how bad things have gotten.

First of all, as we head toward fiscal year 2003 coming to a close in October, the projections are now that that deficit, when you add in the supplemental for the war that is going to pass this week in Congress, that deficit will approach \$400 billion, just for the one year. That is a higher dollar figure deficit than our Nation has ever seen, by a comfortable margin. I think the highest deficit we had, even during the really bad times of the early 1990s, was \$290 billion.

When you look long term at the 10 year picture, that is where it gets even bleaker. That is what we are talking about this week with the budget resolution that the House and Senate are trying to reach agreement on.

The budget resolution, in theory, is a 10 year blueprint for where we want our budget to go. That blueprint right now has us going in debt, in debt to a level never before imagined.

So I have a chart here that shows this and where we are going. This is from the Goldman Sachs study that the gentleman from Ohio (Mr. RYAN) mentioned earlier. It starts off by showing what the official CBO projection is. The official CBO projection is that over the course of the next 10 years, we will have an \$890 billion surplus.

So basically they are assuming, despite the existing \$400 billion deficit that we are going to run this year, in the out years, as we get further down, we will have sufficient surpluses to make that up and get us up to this very happy figure of an \$891 billion surplus. The problem is that there are a lot of

assumptions in that number that simply will not come to pass, and those assumptions are laid out in the Goldman Sachs analysis.

First of all, economic growth has been far slower than CBO expected. If that economic growth hits modest levels over the course of the next 10 years, instead of the overly optimistic projections from CBO, that knocks over \$1 trillion off of this \$891 billion figure.

In addition, will \$891 billion does not take into account the emergency supplemental, which, of course, we are going to pass, probably sometime in the next 48 hours, and that will be somewhere in the neighborhood of \$80 billion, which, again, comes out of that figure.

Now, it is also worth noting that this \$80 billion figure may not turn out to be the total cost of the war in Iraq. As the gentleman from Illinois (Mr. EMANUEL) and others were talking about earlier, there are big plans to spend even more money on the rebuilding of Iraq, which may well need to be done, but that will drive this figure up even further.

Finally, we have a little thing called the alternative minimum tax, or at least finally on this top set. The alternative minimum tax is something that is going to have to be fixed. It was set up a while ago, and it is incredibly complicated, but the bottom line is in the next few years, if we do not change the alternative minimum tax, middle-class taxpayers are going to have to start paying it. It is going to get down to the point where your average middle-class taxpayer will not be able to take the deductions that they are used to taking and they will be hit with this tax. Well, to fix that, it would cost \$500 billion over that 10 year period. So for these three things, the adjustments bring us down below the \$891 billion figure and put us into deficit.

Then we have a series of other issues. If you assume the president's tax cut, that is another \$509 billion, plus making the 2001 tax cut permanent, which is part of the President's proposal as well, is another \$624.

Then in defense, CBO does not assume a significant increase in defense spending. The President's budget does. Given where we are at right now in the world, it seems that the President is right, we are going to increase spending on defense. If we increase that modestly, that is another \$536 billion more than CBO projected.

Non-defense discretionary, one of the assumptions in the President's budget that helps make it look more fiscally responsible than it is is the assumption that somehow we are just going to dramatically cut all non-defense discretionary spending.

Well, historically that has not happened. This is what happened during the time of the Gramm-Rudman-Hollings proposals. These proposals would come out in the early eighties and say over the course of the next 6 or 7 years we are going to make these cuts, and

then, inevitably, they would never happen and the numbers would be higher than expected.

So even assuming a modest growth, 2 percent, which is less than what inflation would probably be over that period, or at least inflation plus population growth, even assuming a 2 percent modest growth, you lose another \$350 billion.

Lastly, we have the oft-talked about issue of a prescription drug benefit. I do not think there is a significant politician, House, Senate, Democrat, Republican, White House, who has not said we should not do a prescription drug benefit. Well, if we do, it is going to cost something. The figure Goldman Sachs picked on was \$600 billion. That may be \$400 billion or \$500 billion, it may be more than this.

□ 2045

But whatever it is, if we do a prescription drug benefit, that is another thing that CBO did not count on.

Lastly, once we add up all of these additional expenses, they drive up the debt, and when we drive up the debt, we drive up the debt service. It is just like when you owe more money on a credit card, your minimum payment gets higher and your interest payments get higher. Those interest payments are projected to be \$878 billion. So when we add all of this up, what we come up with is instead of a \$891 billion surplus over those 10 years, you wind up with a \$4.2 trillion deficit over the course of those 10 years. I now know what this \$777 billion figure is. This is counting the \$91. So basically, if we add all of these up, that reduces this down to a negative 777, and then we add it all the way up and get 4.2.

As the gentleman from Wisconsin (Mr. RYAN) pointed out when he spoke earlier, even this figure is a little optimistic, because this counts Social Security surpluses against it. If we take those Social Security surpluses out, put them aside, as we should do, because that money is going to be needed to pay for Social Security as the baby boom generation starts to retire, this figure gets over \$6 trillion. Right now, in the entire history of the country, we have ran up a debt of around \$6 trillion. If we go forward along the path that the President and the majority in Congress is proposing, we will equal that in the next 10 years. Another \$6 trillion in debt will be lumped upon us.

So it is important to keep these figures in mind, even if it is not at the top of the agenda right now, as folks are distracted, understandably so, by the war in Iraq and other issues. These figures need to be put into our minds and we need to remember, this is where we are headed, towards another \$6 trillion in debt over the course of the next 10 years, with very modest assumptions. This does not even have any emergencies. It seems like every year we have an emergency within the farm community and we have to fund that. Who knows where the next natural dis-

aster might hit or where the next military conflict might come up that would change all of these numbers dramatically.

The bottom line is, the numbers show us heading into long-term, structural deficits and huge debt.

Which brings us to the next argument and that is the one that the conservatives have been throwing out there recently that oh, come on, deficits do not really matter. It is not really that big of a deal. The economy can move forward and everything is fine. One of their favorite arguments is that deficits do not, in fact, drive up interest rates. Because consistently, one of the arguments against running deficits and in favor of fiscal responsibility is that it is good for the economy. The basic argument is, if the government has a balanced budget, interest rates will stay low because the government will not be out there gobbling up all of that excess cash and driving up interest rates.

Well, conservatives look at a couple of historical figures. They have gone back to the 1970s when, in fact, interest rates were very high and deficits were not, and then they have gone to the late 1980s and early 1990s when deficits were high and interest rates really were not and they said, see, one thing does not really have to do with the other.

First of all, deficits and how they effect interest rates happens over a long period of time. It is not immediate. And it simply defies economic wisdom to say that the amount of money that the Federal Government is gobbling up has no impact whatsoever on what that money is going to cost. That is what interest rates are: the cost of money. So it just does not make any sense that it will not drive up interest rates. But beyond that, even if it did not drive up interest rates, if we run deficits year after year, the bottom line is, sooner or later, we run out of money. Sooner or later, the only thing the Federal Government is going to be able to do is pay this number down here, pay interest on the debt. Sort of like you get so far in debt, all you can do is make the minimum payment on your credit card, and as that number goes up, spending for everything else, for every other priority in this country must go down.

If we run these types of numbers, 10, 15 years from now, the generations that follow us, the Congresses that follow us will have no money whatsoever to meet the needs of their day, and there will be needs. As we look around the country now, we can see many, many crushing needs. In education, the IDEA, the Individuals With Disabilities in Education Act, has been underfunded by tens of billions of dollars for years. Transportation. We have huge infrastructure needs in this country. Back to education. School construction. It is estimated that we have somewhere in the neighborhood of a \$300 billion need for school construction. We will not meet that. Health

care. Access to health care is in crisis. In my State, reimbursement rates for Medicare and Medicaid are so low that providers are frequently not accepting Medicare and Medicaid patients and they have got nowhere to go.

The bottom line is there are needs that require funding. There are needs now, and there will be needs in the future. And if we continue to run up deficits like this, blow the debt through the ceiling, blow the debt payments through the ceiling, we will have no money to address those needs, our infrastructure will collapse, and the economic impact will be devastating.

Bottom line: fiscal responsibility matters. If we drive home no other point in this hour this evening talking about fiscal responsibility and deficits, I hope it is that. Let us not get carried away with other issues and forget that fundamental point: balanced budgets and fiscal responsibility matter, and they are good for this country, and we should fight as hard as possible to see that those policies are enacted, that we get the budget balanced, that we put ourselves on a long term path towards fiscal responsibility. That will help this country grow economically and will help us be in a position to meet our needs for the future. The budget resolution that is coming out this week in the House and the Senate will not come close to being fiscally responsible. We need to make sure that we get that under control.

I am pleased this evening to be joined by a couple of my colleagues who wish to discuss this issue. We have my fellow cochair of the New Democratic Coalition, the gentleman from Wisconsin (Mr. KIND), and I yield to him.

Mr. KIND. Mr. Speaker, I thank the gentleman from Washington State, my friend, for taking a little bit of time this evening to discuss one of the paramount issues facing the United States Congress tonight, and that is the budget resolution and trying to put together the frameworks of the budget for the next fiscal year and for the next 10 years.

This is important. At a time when our young men and women in uniform are fighting so well and so bravely in Iraq and our thoughts and prayers are obviously with them tonight, the Nation's business, nevertheless, continues here. And even though most of the media and most of the attention has been rightly focused on the military campaign in Iraq, this debate that is coming up later this week and which will be with us for many weeks to come is very crucial, because it is about fiscal responsibility and the long-term economic outlook for our Nation.

As the gentleman indicated, we happen to be privileged to be cochairs of the New Democratic Coalition. It is a large group on the democratic side of pro-growth, moderate and centrist Democrats believing in making crucial investments for growth opportunities in our Nation and in the people so we can expand the boundaries of oppor-

tunity for all of our citizens, so they can be full participants in the global economy and in the new economy that is before us.

We also work very hard in maintaining fiscal discipline in our decisions. Something that was very much on people's minds in the mid 1990s when the gentleman and I got elected for the first time to the United States Congress, a lot of the talk and a lot of the concern on both sides of the aisle then was really about budget deficits and what we need to do, working together and as a Nation to reign that in, to start making sound fiscal choices in order to set up future generations for success. The gentleman may recall as well as I do that at that time, during the early and mid 1990s, when we were first running for office, there was an almost uniform consensus, even on the other side, decrying the fact that there were large budget deficits, claiming that that was horrific and that it stifled economic growth, and there was by and large bipartisan consensus with that viewpoint which was proven through the track record of the previous decade.

Back then, when they pursued large spending increases, mainly in the defense area, but also coupled with huge tax relief, it led to unprecedented budget deficits which exploded the national debt. It quadrupled our national debt during the 12 years in the 1980s and the first couple of years of the 1990s, and everyone found that astounding. Now, what we are hearing from the other side is deficits do not matter. In fact, it is not just the leadership in Congress that has been saying that, but it has been the leadership on Pennsylvania Avenue coming out of the White House trying to claim to the American people that deficits somehow, some way, magically do not matter anymore in regards to economic performance.

Well, that belies the history and the performance of our economy. As the gentleman indicated tonight and as I firmly believe, deficits do matter, while it may be understandable that in the short term, in the time of an economic slowdown and military action in Iraq, we may have to run some short-term budget deficits in light of these new challenges.

What is most disturbing about the Republican budget resolution that will come up later this week is they have no long term plan to reverse the situation. What is being projected right now by their own Office of Management and Budget and their own Congressional Budget Office are deficits for as long as the eye can see. Over \$300 billion, the largest in our Nation's history, for the next fiscal year alone, and that does not even include the emergency supplemental request that the President just sent to Congress in order to give the troops the resources they need. That will be another \$80 billion plus that will be on top of the \$300 billion of deficits. So we will be very quickly and very fast approaching over \$400 billion

in deficits for the next fiscal year alone.

Why is this important? It is important because it is happening at exactly the worst moment in our Nation's history, when we have an aging population, when we have 80 million of the so-called baby boomers rapidly approaching their retirement age and about to begin entry into the Social Security and Medicare system, and at the time when we should be trying to practice fiscal discipline and get the Nation on sound fiscal footing in anticipation of that demographic time bomb going off and protecting the monies in the Social Security and Medicare trust funds, anticipating this aging retirement boom that is rapidly approaching. Just the opposite is being proposed on the other side. In fact, they are proposing large tax cuts on top of the ones that already passed in 2001, and they are going to pay for that, in part, by taking all of the money out of the same Social Security and Medicare trust funds that virtually everyone in this chamber just 2 years ago are on record as saying that we will not do. It is very disturbing that this is going on and there is very little attention being paid to that.

But they are also planning on doing it on the backs of some very important people in our Nation, not least of which are our current veterans. It is astounding to me that in their zeal in order to protect the President's proposed tax cuts that they are doing it by masking the true enormity of the budget deficit, but also trying to balance the budget on the backs of some of the most vulnerable and some of those who we owe promises to, such as veterans' health care services, including service-related disability health care. In their budget resolution that was before us just a couple of weeks ago, they were proposing about \$16 billion worth of cuts with veterans' health care services, which is astounding when we think of the military campaign and the incredible devotion and sacrifice that so many young men and women in uniform are making on behalf of our Nation in the country of Iraq today.

But it is not just us who discovered what was going on, it was all the veterans' organizations throughout the country that quickly recognized what they were trying to pull and submitted letters to Speaker HASTERT and to the gentleman from Ohio (Chairman NUSSLE), the chairman of the Committee on the Budget. Let me just quote from a few of the letters that were submitted, one from the Commander of the Disabled American Veterans in which he stated in his letter, and I quote, "Has Congress no shame? Is there no honor left in the hallowed halls of our government that you choose to dishonor the sacrifices of our Nation's heroes and rob our programs, health care and disability compensation, to pay for tax cuts for the wealthy?"

Here is a letter from the Commander of the Paralyzed Veterans of America

in which he stated, "We do not consider payments to war-disabled veterans, pensions for the poorest disabled veterans, and GI Bill benefits for soldiers returning from Afghanistan to be fraud, waste, and abuse."

And one from the American Legion: "This budget defies common sense. There must be a better way to provide tax relief to the American people than to balance the budget on the backs of disabled veterans."

We owe the veterans nothing; they earned it. And here in their attempt to try to protect these huge tax cuts leading to unprecedented budget deficits, setting up future Congresses and future generations of Americans for failure because of the fiscal mess that is being created, they are going to try to bring forward later this week a budget resolution that calls for exactly that.

□ 2100

Before I turn back to my friend, the gentleman from Washington, I will draw attention to a very important article that appeared in the New York Times today. It is called "No New Tax Cuts." It was written by some very famous people here in Washington and throughout the country that have spent a good deal of their public careers focusing on budgetary issues. It is a bipartisan group who are highly esteemed and well respected, even here in this Congress, made up of former Senator Bob Kerry; former Senator Sam Nunn; Pete Peterson, one of the co-chairs of the Concord Coalition; former Secretary of the Treasury Robert Rubin; former Senator from New Hampshire Warren Rudman; and also former Federal Reserve chairman Paul Volcker.

They are warning the Congress in a letter in the New York Times today about the fiscal course that we are about to embark upon if these large tax cuts go through in light of the current projections.

Let me just quote briefly from the article that they coauthored; all of whom, by the way, are members of the Concord Coalition. This is a non-partisan group that does focus on Federal budgetary policy.

In their article they state, and I quote, "Our children and grandchildren are facing unthinkable payroll tax burdens that could go as high as 33 percent to pay for these promised benefits." They are referring to Social Security and Medicare. "It is neither fiscally nor morally responsible to give ourselves tax cuts and leave future generations with an even higher tax burden."

I know my colleague, the gentleman from Washington (Mr. SMITH), has a vested interest in it because he has a young child himself. I am the father of two little boys who are only 4 and 6. The last thing that either one of us wanted to do when we came to this Congress 6 years ago was to leave a huge legacy of debt for our children to have to wrestle with.

If the programs are important enough today to authorize them and to

call for them, then this generation of Americans should have the moral responsibility to figure out a way of paying for them, rather than borrowing and spending, borrowing and spending, and accumulating this huge national debt.

In conclusion, Mr. Speaker, again, these authors of the article do feel that deficits matter. In their concluding paragraph they state why. I quote again: "Congress cannot simply conclude that deficits don't matter. Over the long term, deficits matter a great deal. They lower future economic growth by reducing the level of national savings that can be devoted to productive investments. They raise interest rates higher than they would be otherwise. They raise interest payments on the national debt. They reduce the fiscal flexibility to deal with unexpected developments. If we forget these economic consequences, we risk creating an insupportable tax burden for the next generation."

That, I think, summarizes the very challenge that we face this week, and it is not too late. We can still get together in a bipartisan fashion and come together at the kitchen table like any family would do, dealing with family finances and figuring out what decisions we need to make so we do not pass a tremendous burden on to the children of our family. That is really what is at stake.

Budgets are all about priorities, and hopefully this Congress will wake up and realize that our children's future should be one of the first priorities that we keep in mind. Let us pass a sensible, fiscally responsible budget that we can, years from now, look back on and say, yes, we had to make some tough decisions, but they were the right decisions under the right circumstances, and our children are the primary beneficiaries as a consequence.

Again, I thank my friend, the gentleman from Washington, for the leadership he has shown on this very issue and for trying to secure a little time in order to talk about this, which is very important, even in light of the current military campaign in Iraq.

Again, we wish the troops there our best. They are constantly in our thoughts and prayers, along with their families and their loved ones. We all, I think, agree that we hope to see a very quick and successful and safe conclusion to the military campaign in Iraq.

Mr. SMITH of Washington. Mr. Speaker, I thank the gentleman for his comments.

I just want to follow up on how this is the exact wrong time to run up deficits because of the baby boom generation and their coming retirement.

I think there might be a tendency to say, we have heard this doom and gloom before. In the late eighties, early nineties, we had huge deficits, big debt, and people said we could never get out from under it. Lo and behold, by the late 1990s we were actually running surpluses.

We were fortunate. We had a booming economy. A high-tech economy took off, productivity went up, and we were able to do that. There may be a tendency to think, see, the problem can be fixed.

We are in a much different situation now, as the gentleman said. We are going to reach the point in the early part of probably about 2014, 2015, when those Social Security surpluses that we have all grown used to, having huge surpluses in Social Security in order to offset debts in the other part of the budget, they are going to be gone. We are not going to have that money to rely on.

What is more, the other part of the budget is going to now have to start covering the deficits in Social Security and in Medicare. So with the baby boom generation retiring, we are not going to be so fortunate this time.

Mr. KIND. Will the gentleman yield on that point?

Mr. SMITH of Washington. Absolutely.

Mr. KIND. I think one of the crucial differences between now and what occurred during the 1980s with the economic policies that were pursued was that we had the decade of the 1990s to reverse course, and fortunately we did. With the Clinton administration and the tough budgetary decisions that they had to make in 1993, it set the Nation back on a course of declining deficits through the nineties; and then actually a few years when we were running real budget surpluses, which led to the protection of the Social Security and Medicare trust fund and a downloading of the national debt, thereby reducing the interest burden on that national debt.

It was an incredible economic dynamic made by past Congresses making tough decisions in order to reverse course of the huge budget deficits that were created during the 1980s and the first part of the 1990s. Unfortunately, we do not have the luxury of time anymore. We are rapidly running out of time with the boomers' retirement just around the corner.

That is why it is all the more important that we do not waste this opportunity with the budget resolution that may be before us later this week; and that we get together, again in a bipartisan fashion and with the President at the table, as well, to figure out what we need to do to reverse course with these truly frightening budget scenarios looking at \$400 billion-plus deficits for many, many years, which will only hurt long-term economic growth by driving up long-term interest rates because of the squeeze on the available capital that is available in the marketplace.

So time is of the essence. This really is not an academic debate. We can punt for the next year or a couple of years down the line, but these are decisions that I feel have to be made right now. Someone has to stand up and talk

about this. I am glad the gentleman decided to take some time tonight to do it.

Mr. SMITH of Washington. Mr. Speaker, I thank the gentleman for his help.

Mr. Speaker, I yield to the gentleman from Washington (Mr. INSLEE), a proud member of the baby boom generation that is soon to bankrupt us, although I will not hold him entirely responsible.

Mr. INSLEE. Mr. Speaker, I am happy to join my colleagues here this afternoon to speak against this new Republican policy of eternal deficits. I am happy to speak against it because I think it represents sort of a "three-strikes-and-you-are-out" economic policy which really will doom America for quite a long period of time for three separate reasons.

Before I talk about those reasons, I want to note that this probably, as far as I can tell, is the biggest political flip-flop in the last couple of millenia of American history. That may be perhaps a little bit of an overstatement.

But as I recall the proud traditions of the Republican Party under Eisenhower, Rockefeller, and many good Republicans who preached the gospel in every political church in America that deficits clearly were a mark of evil, they fought for years against deficits. They came here and they sought constitutional balanced budget amendments, which they are still seeking.

Now, after decades of propounding this basic bedrock principle, their answer is, never mind, we were just kidding. Now that they have decided that tax cuts for Ken Lay at Enron are more important than a balanced budget, they have decided that their decades of fundamental economic beliefs and theories were just a bunch of hokum.

They were right then, but they are wrong now. They are wrong for three reasons.

Number one: The Federal deficit that is now attempted to be foisted on the American people by this Republican majority is the biggest contribution to waste, fraud and abuse in the U.S. Government that is possible. It is waste, fraud and abuse because the biggest number of items of clear waste, fraud and abuse in the Federal Government is the interest paid by American taxpayers to service the Federal debt.

That waste, fraud and abuse is an enormous number. It is close to the defense budget of the United States. For every \$100 that American taxpayers pay in taxes, \$14 goes to pay interest on the Federal debt that has been accumulated over the years of multiple generations and multiple Congresses. So \$14 of every \$100 every taxpayer pays does not buy a single soldier, it does not buy a single police officer, it does not get a single pharmaceutical prescription drug benefit; it goes right down the rat hole. This \$14 figure out of every \$100 will grow if the Republican budgets of longtime fixed deficits that will grow over the next decade prevail in these Chambers.

That would be a sad day, because frankly, a lot of my friends in the Republican Party have also been quite vocal and eloquent about the need to end waste, fraud and abuse in government. Now, by their own budgets, they seek to increase the money of taxpayers going down that rat hole of paying interest on the Federal debt.

Mr. Speaker, I cannot understand what Republican would take cheer from knowing they are going to waste more of the taxpayers' money to go down this black hole, but they certainly are. The reason they are is that they have decided it is more important to them, apparently, and of course I do not know this for sure, but the only assessment one could make is they have given greater priority to tax cuts rather than a balanced budget.

The second reason, perhaps not as important as the last reason, but important nonetheless, this deficit is a dead weight around the United States' economy. I listened to Mr. Greenspan tell us that these deficits have the potential of increasing interest rates. Once the economy starts to rebound, once it starts to come back, he told us that we face the prospect of interest rates going up and choking off the eventual recovery.

I do not think it is just his testimony that is persuasive to me; it is listening to the financial people that I represent, my constituents.

I was on the ferry boat the other day and talking to a fellow that sells municipal bonds. We were talking about the fact that they have had a lot of municipal refinancing going on, besides homeowners, with the current low interest rates.

But he was concerned, as a lot of people are in various sectors of the economy, that once we start to get out of this shadow and start picking up, that as soon as we start to get some growth in the economy, boom, interest rates go up because the Federal deficit continues to fuel that fire, and we are back into recession.

This is like taking a big anchor and tying it to the leg of the U.S. economy, and it is a Republican anchor. It is a sorry thing to see that my colleagues on the other side have decided to embrace these deficits that they know, because of their own economic theory, are a drag on the economy.

It is interesting, I believe the new assistant Secretary of the Treasury just a couple of years ago wrote a book, a textbook, saying how interest rates can go up as a result of these deficits, and now he has had this great epiphany. He has heard this voice from the heavens telling him, well, I must have been wrong. I guess tax cuts are more important, and he is working for the Bush administration. We know it is wrong, but it can cause enormous havoc in the economy.

Perhaps, the other reason I have come to speak on the tax cut, economic models can come or go. We have different viewpoints. Economists feel dif-

ferent about what the theories are, the economic models.

The one thing all Americans ought to agree on is the value of protecting our children. We are three fathers here tonight talking. We know all fathers and mothers care about their kids. The one value all of us ought to hold, Republican and Democrat alike, east and west, north and south, tall and short, is do not put a burden on our children.

This is a moral issue much deeper than any particular economic theory. I think we all ought to share it. It is a very sad day when the majority party has decided to break that moral bond to our kids to put this indebtedness on them.

Just one more comment and then I will close. The thing that is extraordinarily sad about this is that this is not a surprise. Our short-term deficits are in part due to war and recession. Part of the deficit on the short-term basis is clearly the war and the recession. However, we know these are intentionally inflicted, conscious, premeditated deficits. They are going to be here for decades because we know we are getting older and the baby boomers are going to retire.

This is a premeditated moral and economic crime. I am speaking against it. I am pleased that some of the Senators in the other Chamber have stood up on a vote of courage and have prevented some of these tax cuts going through. I hope they can continue some of that profile in courage, and we can get a budget that does not break the bank and our children's backs.

Mr. SMITH of Washington. Mr. Speaker, I thank the gentleman.

I just want to close by saying, it does not have to be this way. There is absolutely no reason our Nation cannot put us on a fiscally responsible path in the next 10 years.

□ 2115

Now, I will be honest. I do not believe we can balance the budget this year. We have too many pulls upon us between the economy and the war and various other concerns, but over the 10-year period of time we could quite easily put together a budget that is balanced.

I think the reasons we have not gotten there is because politics over the course of the last 20 years, certainly over the course of the last five or ten, in an accelerating fashion has become more and more about promises. And at the end of the day that is why I feel that the Republicans, and in some cases some Democrats, have tried to argue the deficit does not matter because the deficit is inconvenient. When you are out on the stump trying to get elected, people wants tax cuts and they want spending programs. Fiscal responsibility in the short term does not put any money in anybody's pocket and it is a hard thing to be in favor of.

You want to promise things. You want to promise a prescription drug benefit. You want to promise a big tax

cut. You want to promise more money for the military or more money for education or more money for veterans. And those promises add up to far more than we could ever possibly deliver. And as those promises add up, we dig ourselves a deeper and deeper hole so that when we actually get back to Congress or in the White House and we have to make the decisions that are necessary to move our country forward, we have that huge stack of promises coming up behind us that we do not think that we can get out from under.

Mr. Speaker, I guess I will close on a bipartisan note. While it is certainly true to say that the Republicans right now are behaving in a very fiscally irresponsible manner, they have turned on a dime from a rich history of fiscal responsibility for political reasons, it is fair to say that Democrats have not always been fiscally responsible either. In many cases they have supported more programs than our government can support. It is a bipartisan problem but it can also be fixed in a bipartisan manner. There are Republicans and there are many Democrats who believe in balanced budgets and fiscal responsibility. As a group, we need to rise up and make sure that our voices are heard and our policies get enacted. We can not afford to have deficits for as far as the eye can see. We certainly cannot afford to have \$4 trillion in deficits racked up over the course of the next 10 years.

If we do, future generations will be dealing with a mess of a size this country has not seen. Fiscal responsibility matters. Let us always remember that and pledge to work on it.

Mr. Speaker, before I am done I want to recognize the gentleman from Wisconsin (Mr. KIND).

Mr. KIND. Mr. Speaker, I thank my friend for yielding to me before we yield back the remainder of our time. I think the gentleman has touched upon a very important point and we need to just restate it. And that is the essence of budgeting is all about decision making, but it should also be about taking responsibility for what is taking place today. And the easiest thing for a politician to be able to say to people back home or to run on the campaign is, You can have it all. You can have all these programs that you care about. We can fight this war in Iraq and do the rebuilding, and you can have large tax cuts on top of it and you can have it all.

But you cannot because decisions have to be made. And if you pursue that type of economic policy, if you pursue that type of political message, what you leave the American people then are these massive budget deficits because the current generation of Americans are not stepping forward and taking responsibility for the decisions that are being made today. And what this, in essence, constitutes then is taxation without representation because it will be our children and it will

be our grandchildren that will have to be the ones to clean up the fiscal mess that is being created today. And it is not fair to them because they too often are the neglected voices, the future of this country, when, in order to sell a certain type of philosophy or economic policy, you try convincing the American people that they can have it all. They can have this huge increase in defense spending that we are seeing right now and they can have a large tax cut at the same time which was exactly the same economic policy that was pursued in the 1980's and first part of the 1990's.

It has been said that what we are debating today is *deja voodoo economics* all over again. And I believe that because this is history repeating itself. Where we saw with the decisions made in the early 1980's led to a quadrupling of the national debt and the detrimental economic effect it had on our Nation, and now we are back in that same type of scenario. And it is not too late. And hopefully we will be able to engage in a bipartisan conversation in this Congress and get the President and his people back involved in this. And let us come up with a long term plan recognizing the short term demands on the Treasury that we currently have, the obligations to fight international terrorism, to do Iraq right, not only winning the war but winning the peace. But let us also have a long term plan in order to set up future Congresses and our kids for a chance to succeed with this aging population which we all know is going to happen and which everyone does not really want to talk too much about. But this is the time for us to make these decisions, not when we have 80 million Americans suddenly retiring and entering these very important programs. I thank the gentleman for yielding to me.

Mr. SMITH of Washington. The gentleman's remarks reminded me of a line from the President's State of the Union speech this year. Very early on in his speech he said that the paramount goal of his was that we shall not pass our problems and our challenges on to future Congresses. Now, I think what the President was alluding to at that point was Saddam Hussein and Iraq; and I happen to agree with him on that for one. I think it was bold and courageous to step up and address that problem and not pass it on to future Congresses.

But I could not help but be struck by the irony of a line saying, We shall not pass our problems on to future Congresses. If you think about it basically what he was saying was but we shall pass on the bill. That is not responsible. When you run up deficits like this, that the very definition of passing your problems on to future Congresses. It is irresponsible, unworkable, and not in the best interest of the future of this country. I am absolutely convinced we can do better, that we can put together a fiscally responsible budget that best

prepares us for the future and allows future economic growth.

I want to thank my colleagues again who came out to speak with me tonight on this issue. This is not the last time we will be talking about it. Fiscal responsibility is a never-ending job.

UGANDA AND THE MILLENNIUM CHALLENGE ACCOUNT

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

Mr. JEFFERSON. Mr. Speaker, I am pleased that Congress is advancing the Millennium Challenge Account or the MCA, a bold initiative supporting economic growth and self-sufficiency in the world's poorest nations. I applaud MCA's focus on reforming poor nations that have demonstrated achievement in ruling justly, investing in people, and encouraging economic freedom. MCA should have a special emphasis on sub-Saharan Africa, the poorest region of the world with over 290 million people living on less than one dollar per day.

Several countries in sub-Saharan Africa are successfully addressing some of the most critical developmental challenges of our century, HIV/AIDS, poverty eradication, political reform and economic liberalization.

As our Nation prepares to launch MCA and make this important contribution to human and economic development, we can draw inspiration from countries such as Uganda. Uganda progress demonstrates that the developmental challenges confronting Africa are immense but not insurmountable.

Uganda was recognized by the World Bank/IMF as the first IDA or International Development Association country to adopt a comprehensive and participatory national strategy to eradicate poverty. As a result, Uganda's poverty rate dropped from 56 percent to 35 percent over the past 10 years. During this same period, Uganda has maintained a growth rate of over 6.5 percent. Uganda is leading the developing world in addressing its HIV/AIDS rate and its infection rate which fell from 30 percent 10 years ago to less than 7 percent today.

Over the last 12 years primary school enrollment in Uganda increased from 40 percent to 99 percent. This transformation helped Uganda to further distinguish itself as the first country to qualify for the World Bank's Heavily Indebted Poor Country debt relief initiative or HIPC.

Uganda's success is attributed to strong leadership and the government's establishment of broad-based public-private partnerships in health care, education, and economic development in rural communities and municipalities throughout the Nation.

The number of registered nongovernmental organizations and faith-based