

IN SUPPORT OF FLOOD
INSURANCE REFORM

The SPEAKER pro tempore. Pursuant to the order of the House of January 7, 2003, the gentleman from Oregon (Mr. BLUMENAUER) is recognized during morning hour debates for 5 minutes.

Mr. BLUMENAUER. Mr. Speaker, as we have watched the terrible news coming from Southern California, our hearts go out to the thousands of families that have been displaced. Lives have been disrupted, and in some cases people have died. It is much too early to make judgments about what we could do to reduce that suffering and loss. We do not fully know really what happened there yet and why.

But it is important for us to reflect on other areas where we can act to help make our families safer. In our history the greatest loss from natural disaster has been from flooding, and here we can do something about it.

Floods are our most destructive natural hazard. Since the 1990's, flood losses have doubled to over \$6 billion a year, and hundreds of lives have been lost. This House, before we adjourn for the year, has the opportunity to reauthorize the Flood Insurance Program to help make a difference.

This program was created in 1968 to help people who are in flood-prone areas, authored by some people who knew about floods for example, the late Hale Boggs from Louisiana. Prior to that time, insurance companies generally did not offer insurance to people in these high-risk areas because of the uncertainty that has been involved. Since we authorized the National Flood Insurance Program, it has, in fact, been quite successful. By the year 2000, there have been \$10 billion paid out in claims to some almost 4½ million policy holders. Even more important, it has provided incentives to do something about the problem for people who are in harm's way. We have provided mapping, incentives, things that send the right signals to people to protect themselves in the first place.

I have seen it make a difference in my hometown of Portland, Oregon. We were encouraged, because of the Flood Insurance Program, to do some flood proofing of the community from the beginning; and, in fact, we were able, in the year 2001, to be classified at a class 6. We had the seventh highest classification rating in the country. It resulted in a 20 percent reduction in the flood insurance rate. But more important, it enabled our community to be more flood resistant, and we have survived of late some serious flooding, which in times past would have done much damage and perhaps loss of life, relatively unscathed.

Now with the reauthorization of the Flood Insurance Program, we have an opportunity to help another class of people, those who are involved with repetitive flood loss in areas where year after year after year people are flooded out. Repetitive flood loss properties are less than 1 percent of the cases nation-

ally, but account for 25 percent of the losses each year. And this repetitive flood loss costs everybody because it increases the likelihood of natural disaster, more losses, and putting more people in harm's way while boosting the flood insurance rates for everybody else.

Our bill that is coming forward would help everybody before rather than after the fact. It would, where cost-effective for the insurance program, provide funding to communities to make an offer of flood mitigation, to elevate the home, to flood-proof it. In cases where that is not feasible, to help people relocate, giving them money to move someplace else, at a very favorable match ratio, 75 percent of the money picked up by the Federal Government. In those States where there is even more flood loss, it would be an even more favorable ratio, 90 percent Federal money.

If people felt that they, for whatever reason, did not want to flood-proof their property or they did not want to relocate, they are under no obligation to do so. They would simply pay the full cost of their Flood Insurance Program.

Mr. Speaker, this is a simple, solid, common sense approach. It is a refinement in the Flood Insurance Program to help make it financially sound and eliminate up to \$700 million of cost shift or shortfall. If we can avoid just one 10 percent rate increase, it would save the average policy holder, all 4½ million of them, \$40 a year, every year, a total of \$160 million a year in perpetuity. Most important, it would be a change for people's lives, helping them move out of harm's way so we do not have these tragic reports in the news.

I strongly urge my colleagues to support the flood insurance reform as it comes forward this next month.

SPENDING IS THE REASON FOR
DEFICITS

The SPEAKER pro tempore. Pursuant to the order of the House of January 7, 2003, the gentleman from Florida (Mr. STEARNS) is recognized during morning hour debates for 5 minutes.

Mr. STEARNS. Mr. Speaker, I wanted to bring to my colleagues' attention a recent Washington Post article regarding deficits. What I found refreshing in this article is that it highlights the true reason behind deficits, that is, excessive Federal Government spending.

I realize there have been some difficult choices since September 11, 2001. As we fight the war on terrorism in Iraq, Afghanistan, and other areas that harbor terrorists, we obviously have to increase spending on defense, and I do not think many people would disagree with that, that it is necessary.

However, as any individual or business leader will tell us, when one has to increase spending in one area, they normally hold or decrease spending in another area. That, the Federal Gov-

ernment should realize, is basic Economics 101.

The biggest misconception about deficits is that by themselves they threaten the economy's long-term vitality. Not necessarily true. The real threat is rising government spending. The reason is simple. Government spending must be paid for by either taxes or borrowing, a deficit. If spending rises too high, economic growth may suffer from either steeper taxes or heftier deficits. Spending, Mr. Speaker, is the real culprit.

Robert Samuelson, in his article, notes "since 1961, the Federal Government has run deficits in all but 5 years. Over that same period, the Gross Domestic Product has expanded by almost a factor of four."

So we see that the real problem is excessive spending. The Federal Government does not have its own money to freely spend. It either taxes or borrows the money needed to fund its myriad of programs, many of which have long outlived their usefulness, if they had any to begin with.

Yet we continue to spend. In fact, over the past 5 years, the government has increased spending by \$586 billion. Spending is now just over 20 percent of the Gross Domestic Product. In fact, it is spending, combined with the 2001 recession, that reduced over three-quarters of the previous budget surplus.

Unfortunately, we are going to see additional pressure to increase spending in the future. Baby boomers will be retiring. We are adding a new prescription drug benefit to Medicare, and we will need to continue funding the war on terrorism. And that is precisely why we need to control Federal spending here in Congress.

Samuelson notes that these future spending pressures will result in three choices: raise taxes; borrow funds, deficit spending; or cut benefits to certain programs. Obviously, all of these choices are difficult.

There is another way, Mr. Speaker, and that is to hold down Federal spending and attack waste, fraud, and abuse in this spending. We must also have a Balanced Budget Amendment. It is much easier to hold spending to a minimum if the law obligates us to do so. Clearly, we as a body have not shown sufficient restraint in holding or reducing spending in meaningful ways.

The second measure is to realistically attack waste, fraud, and abuse here in government. The Heritage Foundation notes: "If congressional waste cutters had reduced mandatory spending by just 1 percent in 1980, taxpayers would have saved \$190 billion through 2003, more than \$2,000 per household."

The 2004 Budget Resolution called for a 1 percent cut in programs to be identified by targeting waste, fraud, and abuse. That is an important step both for this year and for future years. However, we should not stop just at 1 percent. The Medicare program alone could be spared up to \$150 billion over