

we had another recession in 2001 when Bush came into office. You know, Bill Clinton left America with a budget surplus.

Ms. WOOLSEY. Right.

Mr. ELLISON. And you know, the other party got in and they took care of that surplus real quick. But the 2001 recession dipped us down. We lost the volume job loss relative to the peak month. This is way down.

□ 2200

Now, the current recession is off the chart. That is the green line. Pow. We are not even measuring how far down. We don't know how far down we are going to go.

Ms. WOOLSEY. This is not finished.

Mr. ELLISON. This is not finished. And the fact is that the job losses that we are looking at—3.6 since when the recession started in December, 2007. Something must be done. We have to act now. Anybody who knows anything about economics knows that.

And I will say this: while I really want the Senate version to improve, and I really am going to fight for that and encourage people to get on those conferees and have a better bill come out, I know that we have to do something. No action is no option.

Ms. WOOLSEY. Right. We need to pass the stimulus. The other thing the economists tell us, and they are absolutely right, we know that, besides—the first thing they tell us is, It's got to be big enough to make a difference. The second thing they tell us is, It's got to be done quickly.

So we really have to come to agreement this week and get on with taking care of the recovery that people need in this country. We need to be making people first, we need to have people in need—we need to help them. We need to create jobs, we need to spur innovation, and this economy can and must get back on track.

Mr. ELLISON. Now, I want to say, if the gentlady yields back, that the American people are behind us here. Sixty-seven percent approved of President Obama's efforts to pass the stimulus. Only 25 percent disapproved. The Democrats in Congress scored a 48 percent approval rating. That is way up from before.

And we had 42 percent of those disapprove of actions in Congress' majority. Unfortunately, the party on the other side of the aisle, the Republicans in Congress, have an approval rating of only 31 percent. But I think they could do better if they support the bill. I would love to see them improve their popularity by supporting the bill.

It will be great to have a bipartisan bill. The first time it went through, we couldn't get one Republican vote, even though President Obama came to talk with them, even though he reached his hand out, even though he extended himself to try to get to this post-partisan world that we all really, really want. But he put his hand out and they left him hanging.

Maybe it's going to come back around, and we can get a few Republican votes next time. But I just want to make clear that the American people are on the side of a stimulus package that will help them get back to work, and they believe that the President's doing the right thing by pushing this bill.

Ms. WOOLSEY. Also, Congressman, they knew who dug this hole. I mean, this is a deep, deep hole that our new President, Barack Obama, inherited. And expectations are that he dig us out of it and go forward at the same time. Now that is going to be very hard. But we are going to do our part in working with him to make sure this can happen. But it cannot happen overnight. We have to know that that hole is so deep that we don't know where the bottom is yet.

So it seems so odd to me that the same people who dug the hole are the ones who are saying, We want to keep doing it the way we did it all along. The only way to solve this problem is to cut taxes some more.

Mr. ELLISON. If the gentlady would yield back, you know the definition of insanity, right?

Ms. WOOLSEY. Doing the same thing over and over.

Mr. ELLISON. And expecting a different result. Deregulation and tax cuts got us into this mess. But fair regulation and shared prosperity is going to get us out. And that's why the Progressive Caucus is here tonight, talking about the progressive message.

Here's the Web site right down here. Congressional Progressive Caucus. Here's the Web site.

If the gentlady from California feels that we made our point tonight, what we are going to do is hand it over. But I think before we do, any parting comments you would like to make?

Ms. WOOLSEY. I would just like to thank you, Congressman ELLISON, for what you're doing here to help the country see what the progressive "ask" is. We have a progressive promise that will go over with them one of these days soon. But right now the most important thing we can do is stabilize the economy for those in this country. And it's going to affect everybody.

I believe you're totally right. People are with us because they get it. If they are not hurting themselves yet, they certainly know many people who are.

Mr. ELLISON. That's right. So this is the progressive message, this 1-hour Special Order that the Progressive Caucus comes to the American people to talk about what is really happening, Mr. Speaker. We have been fortunate to have the chairperson of the Progressive Caucus, who's been offering tremendous leadership, not only on economics, not only on an inclusive economics system, but also on war and peace. That's another thing that you have done such a great job on.

How many 5-minute speeches have you given on the issue of peace?

Ms. WOOLSEY. Over 290.

Mr. ELLISON. I don't think there's anyone who's done nearly as many. I think you probably have, like, broken a record somewhere along the line.

Ms. WOOLSEY. People say to me, Why do you do that? You're just talking to an empty room. First of all, it's not an empty room because people are watching us. But that 5 minutes is the only 5 minutes I have every day that I can control my subject without it having to be part of what everybody else's agenda is. And, I am telling you, I said I was going to keep talking until our troops were home from Iraq. And, guess what? They aren't home yet.

Mr. ELLISON. So you're going to keep talking.

Ms. WOOLSEY. I am.

Mr. ELLISON. Let me say, just like you have been there day in and day out, talking about peace, bringing our veterans home, we are going to be here week after week doing a Special Order with the progressive message. We are going to be encouraging people to get involved. It's not just about an outcome, it's also about a process.

We want to encourage people to get involved. What can you do? You can write, you can call. You can raise your voice and let your voice be heard.

With that, Mr. Speaker, I want to thank the chairwoman of the Progressive Caucus, and we will yield back our time.

#### HOW TO DEAL WITH THE ECONOMIC CRISIS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, the gentleman from Iowa (Mr. KING) is recognized for 60 minutes.

Mr. KING of Iowa. It's an honor and a privilege to be recognized to address you here on the floor of the United States House of Representatives. It's interesting and intriguing for me to listen to the dialog that flows forth from earlier this evening, the gentleman from Texas, and now the voices of the Congressional Progressive Caucus as they put their poster up on the floor that directs people to their Web site and make their argument as to the things that are in this stimulus package that they believe should stay and the things that are not in and may have been taken out that they believe should have stayed in or be put back in.

I think, Mr. Speaker, that this debate that we have is much deeper and much more profound than the components that have been discussed here in the previous hour. I think it goes to our vision of America itself. And the question that is before this country is, in some sense, What will we do in the middle of this economic crisis, this one that came tumbling down upon us on September 19, the date that Secretary of the Treasury Paulson came to the Capitol and very intensely insisted that we provide \$700 billion for him to spend at his discretion, without a lot of oversight, perhaps with no oversight,

and provided that bailout money in two different increments, \$350 billion in the first increment, and then congressional disapproval would have been required in order to block the second \$350 billion.

So the entire \$700 billion of the bailout money has been advanced into the hands of the Secretary of the Treasury who has some problems of his own. Those would be of his own intent to pay his taxes, et cetera, Mr. Speaker.

This discussion that is being led by the President of the United States and his position that we must do something, we must do it fast, we can't do it half-way, we must do it all the way, and his insistence that we not flag and that we not fail, and that we come forward and support this stimulus plan has galvanized its support in the House of Representatives and in the Senate behind a single simple philosophy that seems to justify the capitulation of the responsibility to each of us Members to draw a reason and informed judgment and do the right thing for our country, for our State, for our district.

And this decision is this. Pulling back in behind this logic, which is, President Obama has called for a stimulus plan. It shall spend \$800 billion, or more, plus the interest, which will be about \$350 billion in addition to that, and it will have a mix that has some small business stimulation in it, some infrastructure in it, and a lot of other things, which are the bells and whistles and wish list to the left, Mr. Speaker. It's all packed in there.

And the Members, especially the Members on the Democrat side of the aisle here, and the U.S. Senators of the same political party, they will argue and defend component by component. But the rationale that's going on in the minds of the Members and the caucus is this: Well, we must do something. We know we have an economic crisis. This is the only thing that we can choose from because that is what has been served up to this Congress by the Speaker of the House, by the majority leader in the United States Senate, and by the President of the United States, who happened to be, not coincidentally, the three people in the United States that could come together in one room and set the direction for this entire country and not have to go outside that room and ask anybody for their input, for their knowledge, their wisdom base, that of their constituents.

A lesson from history, a look through the looking glass into the future? Sometimes it feels like we have gone through the looking glass here, Mr. Speaker.

But here's the question that is before us. In an economic crisis, with a crisis of confidence in our financial institutions, a crisis of capital that arises more out of that lack of confidence than it does out of a slowdown of production or slowdown in the markets—it's the other way around. It's the crisis in the capital that is backing up and causing these slowdowns.

But to look through the history of the economy of the United States, or the free world, for that matter, and for an economist to ask themselves, and all of us should be at least amateur economists here. We're making decisions for the people of the United States of America.

But they ask themselves, What has happened historically and economically that we have addressed from this Congress that has been improved, and how did we do so? So, we take ourselves back through this history, and I can think of the economic crisis we had in the eighties. I saw the charts, Mr. Speaker, that were put up here on the floor that show—well, what shall I call them? Bush 41's recession and then Bush 43's recession. That seems that's how it was presented by the Congressional Progressive Caucus.

No. We have had some real economic crises in our past. One of them was what we called in the Midwest the farm crisis, which was not limited to the farm crisis but it also was a real estate and an energy crisis. And during those years of the eighties, when things were very tough economically and statistically worse than they are today, although I won't argue that things today will not get that bad, Mr. Speaker.

But in the eighties we lost 3,000 banks. Many, many farms went under. We lost a lot of oil rigs out there that they were producing and tapping into our energy. The crisis in the real estate was a big piece of it too. Three thousand banks. The FDIC came in and closed a lot of them. In fact, they shut my bank down on April 26, Friday afternoon, three o'clock, 1985. I remember the red tag on the door. Closed by order of the banking commissioner. Highway patrol guarding the door, Mr. Speaker.

Those were some tough times. And what did we do then? Well, we didn't do a lot of the things that are being proposed today. There was some plans that came out. One of the things we did was we provided net worth certificates to shore up some of the banks that needed some collateral. They accepted a look over their shoulder from the FDIC and asked them to shore up their operations. Those banks that received that kind of collateralization, all came out of it. Every one of them was part of that. All succeeded.

We found a way through this, and we sold some real estate down to the value of the real estate. New buyers came in that could borrow the money or had the cash to make the purchases because there were some bargains out there. When those bargains got picked up, the markets came up. Real estate prices stabilized. Banks became stable again. The confidence was back in our economy again.

That was a long decades of the eighties. A lot was wrong. A lot was more wrong going into the eighties than we are seeing today. We had high unemployment then. We had high inflation then—inflation that ran up to-

wards 20 percent. And I personally paid 22 percent interest for operating capital to keep my business running through a tough, tough decade of economic times.

□ 2215

We are not seeing 22 percent interest today, Mr. Speaker. And our employment rates, yes, they are going up, and we have over 10 million people in America that are at least statistically looking for jobs. It is not as bad as it was then, yet. And the eighties were not as bad as they were in the thirties. And when we look at the thirties, there should be some lessons there for us. And I sat in classroom after classroom getting my classical education; and one historian, government teacher, economist after another would fill our little brains full of the knowledge base that has been learned from history, that we had an economic calamity in 1929 and the stock market crashed and people jumped out of the windows to their death because they couldn't sustain the grief of watching their net worth go down. Well, if you look historically, it is pretty hard to find anybody that jumped out of the window. It wasn't as bad as they said, from that standpoint of Wall Street suicides, at least.

Then, through those times Herbert Hoover was President, and he had great confidence in his ability to manage. And so he came forward with the Smoot-Hawley Act, which was trade protectionism, and there was global retaliation. And then our industry and our manufacturing and our exports lost a lot of their markets because of the trade protectionism. Each country around the world did a lot of the same thing; they pulled back within themselves, and the economies began to shut down in that fashion. They opened up the legislation so that unions had a little more powerful leverage when it came to striking. They passed the Davis-Bacon Wage Act; that followed.

But as this economy went down, Herbert Hoover believed that he could manage his way through that. He didn't trust the marketplaces like Calvin Coolidge did, but he trusted his ability to manage, and he lost his reelect. My only Iowa President lost his reelect in 1932 to Franklin Delano Roosevelt.

Franklin Delano Roosevelt came in, and he had been influenced by the famous economist Keynes, who advocated that if government just spends enough money, it will create an economy that will have apparently its own inertia, and it will bring us out of this great depression.

So FDR's programs came in one after another, the WTPA, the PWA, the CCC, on and on and on, the TVA. And each time that the Federal Government stepped in and started another program, they competed with the private sector; they competed with the private sector for capital and they competed with the private sector for labor.

Now, if you go back and look at wealthy nations and see what Adam

Smith has to say about the value of any product, he will say and he has written there very extensively that the value of any product is the sum total of the capital and the labor that it takes to produce it, deliver it, market it, and get it into the hands of the consumer. So if you buy a gallon of milk, you add up so many ounces of milk is for the capital that it took, and the balance of it is for the labor that it took for it to deliver. And that is how Adam Smith analyzed it.

But the capital and the labor in the United States was being swallowed up in government. And capital, when it comes in significant quantities in the private sector, the productive sector of the economy, smart money goes to the sidelines rather than compete with government. And that is what happened in the thirties during the great depression: The smart money went to the sidelines, our economy stagnated, and we had soup lines and we had make-work projects and we had hand labor, stoop labor building dams and roads and parks. We commissioned and paid people to go out into the cemeteries and write down everything that they could read off of the stones in the cemeteries so there would be a record. We paid writers to write; we paid painters to paint, because we wanted to pay people to do something, or nothing, so that the borrowed money and those tax dollars could flow out into the economy, into the hands of the people that would spend it.

Sounding pretty familiar right now, Mr. Speaker, this idea of taking dollars and putting it into the hands of people so that they spend it to stimulate the economy. In fact, Keynes himself had I think some fairly radical ideas: Spending money would stimulate the economy. In fact, his approach was that the worse utility that a project had, the more useful it was from a government perspective, from the standpoint that if the government spent money on something that was completely ridiculous, at least they weren't competing with the private sector. So Keynes understood some of the argument that I have just made. He went so far to make the argument that he could solve the unemployment problem during the thirties if we would just take those good old Treasury notes or Federal bills, greenbacks, U.S. cash, put them in jars and take them out to a big old abandoned coal mine and bury those jars around there in that old abandoned coal mine—this is Keynes talking—and then fill the old coal mine up with garbage and turn the laissez faire loose, the free enterprise loose. Let the entrepreneurs go out and dig through the garbage to dig up the money, and that would solve, through the competition of digging up this money that had been buried by the Federal Government, that would solve unemployment.

Now, he may have been a little facetious in that description, I don't know his personality, so I can only speculate that. I hope he was a little facetious.

But I think his point that he wanted to make, that it didn't need to be useful work, it didn't need to be productive work.

President Obama said, "Well, we are not just going to pay people to dig a hole and fill it back up." I thought that was my vernacular; I am the person who spent my life in that business of moving dirt, and on one occasion actually did dig a hole and fill it back up with nothing in it, only one occasion. The man changed his mind in the middle of that operation. But for the President to say we are not just going to dig a hole and fill it back up, but he is modeling his economic model, the President's "new" new deal off of Franklin Delano Roosevelt's "old" new deal, which really was dig a hole and fill it back up sometimes.

And here is the point that I intend to make, Mr. Speaker; and that is, however one would analyze the "old" new deal in the thirties, it is not possible to look at the numbers and come to the conclusion that the new deal solved the depression, the great depression for America. In fact, the best conclusion that one can come to, the most charitable conclusion is that it may have, may have, Mr. Speaker, diminished the depths to which we might have fallen without the new deal in place. Maybe the economy would have gone into a complete straightjacket and tanked and gone forever downward and waited another decade or two to get its confidence back. Maybe. Maybe. I don't believe it would have, but that is the best that one can say. And the trade-off is, if a new deal, a huge massive spending gets poured into the economy for make-work projects, if that diminishes the depths to which we might otherwise fall, the trade-off is certainly it delays the recovery as well. It delays the recovery, because smart money sits on the sidelines. Entrepreneurs have been hired by the government to dig a hole and fill it back up, and smart money always goes where there is some profit, and right now smart money is pulled back to the sidelines. That is why we had some bonds that actually went into the red for just a little bit, for a little while.

There are two sectors of this economy, Mr. Speaker, that we don't talk about very often. The one that is being stimulated and is attempted to be stimulated by the President's proposal, by the components of it that are the Speaker's proposal, or the Senate's proposal, in its aggregate, that one seeks to spend money for the sake of getting it in the hands of consumers. We did that with the rebate program not quite a year ago; and you can look back on the charts for that, Mr. Speaker, and you will not see a blip that that money was spent and injected as stimulus into the economy. \$150 billion in the hands of the American people, and about 30 percent of it actually got spent on new goods and about 70 percent of it went to pay off credit card bills or went into savings. So only 30

percent of the overall proposal, less than \$50 billion, actually went into the economy. It doesn't even show up as a little tick on the line.

Now, \$150 billion I understand, Mr. Speaker, is chump change compared to this massive piece that the Senate has now passed that we expect will be before us very soon. And this piece, when you add it all together, is over \$1 trillion, but it is not much of it money spent that is going into the productive sector of the economy.

The productive sector of the economy is the private sector of the economy; it is the sector that actually produces goods and services that have value. And I have said from this microphone many times, Mr. Speaker, all new wealth comes from the land. You either raise it out of the soil, or you mine it out of the earth. You can seine some fish out of the ocean. That is about the end of it. Otherwise, it comes out of the land. And it has to start there. And out of it comes food and fiber, and from the food and fiber comes the thing we need to live. And as we add on to that, the services that come from the food and the fiber, then you get your insurance man and your doctors and your lawyers and your teachers, and all of the facets of our economy flow from the new wealth that comes from the land. But the things that we need in order to live, the housing, the clothing, the food, the necessities of life and then the niceties of life, they come from the productive sector of the economy.

Then, we have this nonproductive sector of the economy that I sometimes call the parasitic of the economy; and that is the sector that looks over the shoulder of the productive sector and decides: Well, I am going to regulate you and I am going to tax you, and I am going to justify my existence by making it harder for the productive sector to produce. That is what government often does. Government overdoes the overseeing, the overregulating, the taxation, and inhibits production.

So, on the one hand we have the productive sector of the economy that has to carry the entire burden of government, the entire burden of, let me say, the nonproductive sector of the economy in my charitable moments, and we are loading up on the nonproductive sector of the economy and we are not giving enough relief to the productive sector of the economy.

That is what this argument is about: Are you going to have an economy that is stimulated by producing more things that have value, and building the kind of infrastructure that supports commerce and trade, and reducing the kind of taxes that allow smart money to make investments with the confidence that they won't be punished for their success by a Congress or a President that has the idea that a windfall profits tax, for example, is a good way to punish someone who turns a resource

into value and puts it into our economy and pays their share of taxes as it is.

We are heading down this wrong road, this road that the President has identified as: We have to construct the leg of a stool. He didn't say how many legs, but generally, if it is a three-legged stool, they will say so. If it is a two-legged stool, they will say so. It is not a milking stool, I wish it were, Mr. Speaker. But this single leg of this multi-legged stool that the President announces we have to construct and we are going to do it one leg at a time without an idea of what the stool looks like or what the other legs look like or what they are made out of except money. We have one leg that may be back to the floor of this Congress tomorrow and likely this week that cost \$150 billion for a rebate plan not quite a year ago, \$700 billion-plus for the bailout last fall, and 830 or so billion dollars plus \$350 billion in interest on that that is sitting here now waiting to land on the floor of this House. Just add it up in round terms, Mr. Speaker, let's just call it \$2 trillion: \$2 trillion to construct a single leg, and I am tracking the President's words, of a stool that is supposedly going to get us out of this mess that we are in; \$2 trillion. And no one will stand up and say: Here is the effect of this money? Here is what you can expect with the economic indicators? Here is how you will see jobs in the productive sector of the economy grow or investment increase or capital be freed up for entrepreneurs? None of that is there, except to say that we are going to create or save, well, 2.5 million, 3 million, then 4 million jobs. And sometimes they get a little lazy and forget to say create or save, and they just say create 4 million jobs, but in their lucid moments they revert back to the create or save.

Now, I would like to be the one who would announce that I am here, Mr. Speaker, and I am going to create or save 10 million jobs. And 10 years from now you can go back and look, and even if I didn't point to a single job that I created, I can easily point to 10 million jobs that have been saved.

□ 2230

A saved job is not a measurable, quantifiable means of determining any level of success. But it's a word that lets you slip away from being held accountable for a policy that is utterly destined to fail. The New Deal failed. It was a mistake. Historians looking back on it and economists looking back on it can only point to high employment numbers, low economic activity and a stock market that crashed in October of 1929. And in spite of all of the billions of dollars in new Federal spending in the New Deal program, the stock market still didn't reach the peak that it was at in 1929 until 1954.

Now, Mr. Speaker, the President says that World War II was the best, the largest economic stimulus plan ever. Now I don't exactly quibble with those

words on their face. I would just add to that, that it makes it clear that the New Deal didn't solve the Great Depression. He understands that. He argues that FDR should have spent more money, not less, that he lost his nerve, he shouldn't have worried about a balanced budget, and if he had just done enough, if he had just doubled down two or three more times, he would have come out of there as a winner. But World War II came along as the largest economic stimulus plan ever. I won't disagree with that statement.

But I will say this: It didn't quite solve our economic problems. But I believe it did start us on the path to recovery. And by the end of World War II, we hadn't yet recovered. The stock market was still 9 years away from reaching its former apex that it was at in 1929. But I believe that the post-World War II industrial might of the United States, because we were the only industrialized nation in the world that hadn't seen our industry devastated in World War II, gave us a comparative advantage. The greenback was good currency all over the world. We built products for everybody because we could. And many of them had to put back their entire infrastructure in order to be up and running again.

So, yes, World War II was a stimulus plan. But the aftermath of World War II gave a marketplace for America's industrial might to continue, to switch from making tanks to making cars and making other products and exporting them around the world. So a quarter of a century later, after the stock market crashed in 1929, we reached the previous apex and Dow Jones Industrial Average, if that is our measure of recovery, in 25 years.

So here we are today, Mr. Speaker, with an economy that has had its ups and downs. And I could take you back through the short-term history of this. We have created a lot of capital, trillions of dollars worth of capital. Some of it was false. Some of it didn't represent the actual, real value of the assets underneath it. Some of it was because Wall Street had run amok, and they were betting on a long run of a bull market. And the checks and balances weren't in place. And AIG was not calculating the risk and didn't have the capital underneath them in order to back up the insurance that they were providing.

So this has tumbled. But in the end, we need to come back to what is the real estate worth that is underneath this? What are the businesses worth that are part of the shares that are there in our stock market? Let's get down to some real values. And the \$2 trillion leg on a multi-legged stool and not knowing what the stool looks like or how many legs there are, but we just know the idea is spend money, spend money, spend money, and spend it over here, and spending brings us back out of this economic situation that we are in. Production will do that.

Mr. Speaker, I submit that we need to suspend capital gains taxes and do

so for 2 years. Let that smart money find a place to go without being penalized for coming back into this economy. The smart money that is on the sidelines, the \$13 trillion or so that are overseas that are invested in the economy in other parts of the world that are faced with a capital gains tax, if it is corporate, if it comes back into the United States, we can free that up, Mr. Speaker. And that \$13 trillion is a number as of last September. So chances are that today it's not quite \$13 trillion any more. And we won't get it all back. But we will get back 1 or 2 or \$3 trillion. We will get back more money that is stranded outside the U.S. economy because of the impediment of facing capital gains tax that we're going to be able to put into this economy with this so-called stimulus plan that is before us, this Congress, as we speak. We will get more money into the economy.

And then the groan goes up on this side of the aisle because if we suspended capital gains tax, we will be giving up an opportunity to tax one of these greedy capitalists. How could you live with yourself if you passed up a chance to tax somebody and you let their money come in and get invested in our economy? Well, I can live with myself to do that. If you have a good argument, I will be happy to yield and hear that argument. But I don't think you have one. We need to bring this capital back into the United States and get it into this economy. But the lost revenue for an immediate suspension of capital gains if we did so for the year 2009 would be, Mr. Speaker, \$68 billion. Now I'm going to say this: Only \$68 billion as compared to a couple of trillion dollars in bailout money, \$68 billion in lost revenue for suspending capital gains taxes to bring in \$1 or \$2 or \$3 trillion from overseas, maybe more, into this economy to find its way to where it would do the most good, because smart investors will do that. If we suspend capital gains tax on picking up the toxic debt that is there, those were Secretary Paulson's words, suspend capital gains tax on the income off of those investments, smart money would go pick up these mortgage-backed securities. They would take them off the marketplace. Smart money would then go out into the communities and work with the people that have been evicted, or I should say about to be evicted, from their homes, find a way to renegotiate some of those terms or sell the home, turn around and remarket it to somebody that can make some reasonable payments.

But we've got to go through this. We've got to bite the bullet. We've got to take the pain. We've got to make the adjustments. And it is not going to work for us to borrow from our children, our grandchildren and our grandchildren's children trillions of dollars with no idea of how to pay them back and no way to even move towards a balanced budget, but to put all that demand out there in the world market for capital, borrowed money from the United States Government.

And where will we borrow that money from, Mr. Speaker? Do we borrow that money, then, from China with their economy going south? Because when we catch a cold, the Chinese get sick, as well. They're tied to our economy. Are the Saudis going to have that kind of cash that they will loan to us? Perhaps. But the interest rates are going to go up. To borrow that kind of money and put it into the economy in that fashion is irresponsible. It denies the very values of the economic lessons that we know. It denies that we need to produce something that has value.

Now, if Keynes is right and we can go out, borrow the money and then bury it in the coal mine, cover it up with garbage and turn people loose to dig it up and that would solve the unemployment problem, then I think he is way off, Mr. Speaker. I'm of the other side, of the supply side of this economy.

Let me take this to another step. Immediately, I would suspend capital gains tax for 2 years. I would lock it in in stone so smart money would know they had 2 years to find a place to settle it. And maybe I would back it up even and look at the numbers, perhaps even 1 year. But if it's 2 years, we will be giving up \$68 billion worth of revenue for not collecting any capital gains tax for 2009, \$61 billion for 2010, that's it, \$129 billion, that would be the total cost of putting 3 to 5 or more trillion dollars into this U.S. economy in the right place where smart money would go.

Now that is one of the things we could do. We can go down through the list. We ought to be talking about reform. We ought to be talking about repealing the Community Reinvestment Act and about privatizing Fannie and Freddie and requiring them to be capitalized and regulated like the other banks are. And we need to be talking about amending the mark-to-market accounting rules, the credit-default-swap rules, putting these trades up on the Internet so that there is sunlight on all of them so they can be tracked and they can have oversight.

All of those things need to happen, Mr. Speaker, and all of those things are things that should be done immediately, along with having a commission to examine the situation of the finances in this country and the economy in this country to come to a conclusion as to where we went wrong and to make some more of those changes. I have listed some. What we need to do is build a structure so it doesn't happen again. It's unlikely to happen, Mr. Speaker, when we have the chairs of the committees that have been part of the problem in the first place. Albert Einstein once said that you never solve a problem with the same mindset that created it. And we're dealing with people that have gavels that have the same mindset that created this problem.

All of these things I have talked about need to be done in the short term and in the temporary. There is a broad-

er solution that needs to come, Mr. Speaker, and that is to set up our taxes so that we can be free of these kind of burdens for all time. I have many times come to this floor and spoken about the need to eliminate the IRS, to move to a national sales tax and to understand a principle which is this, that what you tax you get less of. The Federal Government and the United States has the first lien on all productivity in America. If you're going to earn, Mr. Speaker, Uncle Sam is there with his hand out to tax. If you're going to save, he taxes the earnings off the savings. He taxes your proceeds off your investment. Uncle Sam is there with his hand out to tax it, earnings, savings and investment. If you're a producer, you're punished by being taxed. If you're a consumer, that's fine. Some of the States, many of the States have a sales tax. Beyond that, consumers consume without being taxed except for an additional excise tax that exists in some places as well.

What you tax you get less of. But we tax all of the productivity in America. And taxing all the productivity in America virtually ensures that there won't be as much productivity in this country as there would be if we passed a national sales tax. The Fair Tax, Mr. Speaker, took the tax off of our production and put it over on consumption. If we do that, we will allow the American producers an unlimited amount that they can produce, they can earn, save and invest all they want to earn, save and invest.

When I think about people that are working a job and they're working the angles on that job and they're thinking, well, let me see, I have got my 40 hours in this week, now when I start working overtime, I go into a different bracket, my withholding is a little different, I don't know, my payroll per hour isn't as good as I would like to have it, I'm going to limit the overtime hours I'm going to work. Or it might be somebody in sales that gets paid on commission. And they do a calculation on the taxes that they would pay the IRS. And they reach a certain point, and they realize how big a chunk Uncle Sam is taking out of them, and they decide, I'm just not going to produce any more than that. I can live comfortably enough down here without having to work twice as hard to get half again more out of that labor because the tax rate swallows up that much.

Now that is just an individual working sometimes on commission or on overtime. But think about the calculus when it's an investment for a small business, maybe a small business that employs six or eight or ten people, and a business that gets to the point where it's kind of comfortable. They can see some new market opportunities. But the owner of the business understands that the tax burden is such that it's not worth the risk. And so they don't invest the capital. They don't create that extra three or four or five or 10

new jobs. And the business sits there and stagnates. And the real estate that is there that perhaps is paid for gets tied up because there is a capital tax gains tax that will be paid if he sells his real estate and he hands that over so that maybe a new entrepreneur can take that location and take it up to the next level.

We have all kinds of property in America that is tied up because of tax reasons, not business reasons. Every single business calculation that you make in the United States of America is impacted by Federal taxes. And every calculation has to take into account the tax ramifications. When that happens, then our smart people are using their brains to figure out how to minimize or avoid their income taxes rather than figure out how to maximize their productions and their profits to create more wealth in this country.

Mr. Speaker, believe me, if we had more wealth in this country and that wealth doesn't fear the government, that wealth will create more jobs and there will be more wealthy people. You cannot help the poor by punishing the rich. Moving to a national sales tax just totally revolutionizes this economy. It opens up our production and makes unlimited production. Unlimited wealth can be created, and then the taxes are paid voluntarily by the people when they decide that they're going to consume. So we have voluntary taxpayers. We have voluntary producers. We have an economy that is virtually unleashed.

And here is one of the ways to draw a comparison. We have to rebuild U.S. manufacturing in the United States. We have watched a lot of our manufacturing go overseas because the price of labor has gotten low enough in comparison to U.S. labor that those factories would shut down and relocate overseas. The difference is also the taxes that are embedded. Now we tax corporations. We tax payroll taxes. When you add up the embedded taxes in a retail product in the United States, say on this ink pen, on average it is 22 percent. Let's say it's a \$1 ink pen. Twenty-two percent of that would be built into the price, embedded taxes, so that the company that is producing them can pay their business income tax, likely their corporate income tax and their payroll tax. That puts us at a competitive disadvantage, Mr. Speaker.

And so here is an example. If we pass the Fair Tax, then the embedded Federal income tax comes right out of that price. Competition will drive it out of the price. So here would be an example. If there is a Mazda that is made 100 percent in Japan, and there are at least \$800 million dollars worth of those Mazdas coming into the United States every year, and it's sitting on the dealers' lot at \$30 thousand sticker price, that price is set by competition, what you can market at. And across the street on the other dealers' lot is a

Chevy, or a Ford, but let's say a Chevy. That would happen to be built 100 percent of it in the United States.

□ 2245

It has also a \$30,000 price tag on it. And that's because competition now, two comparatively valued vehicles, selling for identical price, competing directly against each other, \$30,000 each. Now, we pass the FAIR tax and over time, and not a very long period of time, perhaps some would be immediate, some would be longer, but about 18 months we'd see most of these adjustments. You pass the FAIR tax and your \$30,000 Chevy price will go down to \$24,600. That's the 22 percent embedded Federal tax. It's part of that price that General Motors has to have in order to recover the taxes that they're paying. Your \$30,000 Mazda stays at \$30,000 because the embedded Federal tax isn't part of their price. That machine, that car is made in Japan. So now you pull into the dealer's lot and here's a Chevy for \$24,600 and a Mazda for \$30,000 and they're of comparable value.

What do you buy, Mr. Speaker?

Does this lower the price of the Mazda too? Maybe. But the consumer is going to look and say I'm going to go for the \$24,600 Chevy. I like that that much better. I like it 28 percent better than the \$30,000 Mazda. And then we have to add back in the sales tax on these cars and that's an embedded tax of 23 percent that covers your corporate income tax, a rebate, so that we untax everybody to the poverty level, and the payroll tax that's associated with the labor that goes in. So your \$24,600 Chevy goes up to \$30,400. That's with the sales tax added on. You would write the check to drive the Chevy off the lot for \$30,400. But to drive the Mazda off the lot you'd have to write the check for \$39,000. That's the difference. It is a 28 percent marketing advantage, \$8,600 advantage, American car over Japanese-made car or Korean or any other car.

What's that tell us, Mr. Speaker? I'll submit that it tells us that there would be many more American automobiles built and sold here in the United States because they would be competitive again. Imagine being able to take 28 percent off the price of every American-made vehicle today, at least for the components of them that are made in the United States. That's what the FAIR tax would do. Our auto manufacturers in Detroit can't seem to get to this conclusion, and neither can they carry a cogent argument against it. But they're stuck in their ways. They're negotiating with the unions who haven't made any concessions that I can see at this point. And we have a simple solution to a complex problem, that, like a Rubik's cube, and I've turned this over and looked at it every way I can for 29 years, Mr. Speaker, and every time I turn the Rubik's cube of a national sales tax again and look at it another way it looks better and

better and better, not worse, not weaker, not something that has a flaw, better and better and better. And it always wins the debate, it always wins the argument if given an opportunity to match up against any other idea out there on tax reform. In fact, the FAIR tax, the national sales tax does everything good that anybody's tax proposal does, it does all of them and it does them better. And I'd put it up against anybody else's tax proposal. If you take the tax off of production and you put on it consumption, you also provide an incentive for savings and an incentive for investment. But you have more production. You will have a slight diminishment in consumption because there's a tax there, but over time there's more money in a person's pocket, a worker will get 56 percent more take home pay, and then they decide when they pay those taxes. This is where America needs to go, and in a short period of time, if we suspend the capital gains taxes and do that on a 2-year period and pass the FAIR tax, even just suspending the capital gains tax, we will see the Dow Jones industrial average jump up 30 percent or more, and it will be in a matter of weeks or months, not a long term, a short-term, you see immediate reaction and this thing would start to come around. If we pass the FAIR tax and on the night that the ball drops in Times Square, I'd set it up for December 31, 2009, midnight, and end the IRS as we know it. Abolish them and the Federal income Tax Code, set it over up as a national sales tax and we will see a dynamic economy role again, Mr. Speaker.

We have the solutions here. Republicans have the solutions here. Spending trillions of dollars for a leg of a stool that we have no idea what it looks like or what kind of results we're going to get is folly. And it's the kind of folly that Einstein was talking about when he said you can't solve a problem with the same mindset that created it.

So, I'll be opposed, Mr. Speaker, to this stimulus package because I think it has an oxymoronic name. I don't think it's a stimulus at all. I think it's a burden, an albatross that's hung around the neck. I think it is, as Michelle Malkin says, intergenerational theft, to put the burden up against our children and grandchildren and great grandchildren. We can't balance the budget today. We couldn't balance the budget 5 years ago, and if we can't do that in the environment that we were in, how in the world do we think that we're going to pay off a debt that's multiple trillions of dollars and a national debt that maybe ends up doubling during the Obama term? No, that's folly, Mr. Speaker.

And let me just cap off one more thing here, before I close, and that is that there has been a significant achievement that's been reached in the nation of Iraq. I've made six trips over there. I know our leader just arrived

back from there over the weekend. The reports I get from that delegation that visited Iraq and Afghanistan is that things look pretty good in Iraq. I had a long conversation with Ambassador Crocker last week on Wednesday morning, and we talked about many of the accomplishments that have been reached there; and how though, it is still delicate and there are political solutions that need to be provided, and there still are some military tactical things that have to happen, specially up in the Mosul region.

But here are some things that we know. The Iraqi people have had three successful elections. They have ratified a constitution. They are distributing their oil wealth from Baghdad out into the provinces and into the cities. They are producing more sewer, water and lights than they have ever have. The hours of electricity across the country are significantly greater than there's ever been. There are girls that have gone to school in the last 6 years for the first time. More Iraqi kids in school as well. The stability and the safety in the streets is significant. I've gone shopping in Ramadi, it's a place that a year earlier I couldn't even set foot because it was too dangerous. And I met with the mayor of Fallujah who said Fallujah is a city of peace and we're going to rebuild this city to where there's not a sign of war in this entire city. And I believe him and they're working on it and they're working on it hard.

This Congress imposed a series of benchmarks on Iraq and the President of the United States, 18 different benchmarks, Mr. Speaker. I've gone back and reviewed those benchmarks. And of those benchmarks, 17 of the 18 benchmarks have been wholly or substantially completed.

I thought it was inappropriate for this Congress to set those standards because that was definition of victory in Iraq, and those who voted for those standards believed that they were unachievable. They believed that the war was lost. They argued that it was a civil war that couldn't be won, that it was sectarian violence that could never be controlled, that al Qaeda was uncontrollable in Iraq. And sometimes they argued that al Qaeda didn't exist in Iraq until we attracted them there. I think that was the bug light theory.

But what's been accomplished in Iraq today is phenomenal. Three successful elections, the ratification of a constitution, Iraqi military forces that have been stood up and trained and deployed, 613,000 strong, Mr. Speaker, and a security and a stability to the point where they pulled off an election a weekend ago in Iraq without a single significant security incident, with the Iraqi people taking their children to the polls so they could experience with them what it's like to go and vote and be a free people. It's been phenomenal progress. 17 of 18 benchmarks reached. The 18th benchmark, by the way, that is not wholly or substantially reached

is the one that requires the Iraqi security forces to be completely independent of American forces, and that would mean logistics, intelligence, communication, supply, training, all of those things would have to be Iraqi. They're not going to be that independent, not this year or next year or the year after. You don't stand up a military like that in no time. It takes years to do that. But 17 of 18 benchmarks have been reached. The casualties in Iraq, and we had a tough time in Iraq here a little over a day ago. We lost four soldiers up by Mosul in a bombing. Regardless, as precious as those lives are and all of them that have been lost, since the first day of July, we've lost more Americans to accidents than we have to the enemy. Another measure of a definable victory in Iraq, achieved, Mr. Speaker, by our noble military under the leadership of Commander in Chief, President Bush, who had the clarity of vision and the courage and the leadership skills to order a surge when his advisors told him don't go there, Mr. President, this war can't be won. It's a definable victory today, by all of the metrics that I can identify, including a more than 90 percent reduction in civilian violence and sectarian deaths, so that they're almost immeasurable. The list goes on and on and on of the accomplishments in Iraq. And I charge and I challenge our current President of the United States to sustain the achievements of his predecessor or be judged by history as to have failed. That, Mr. Speaker, is an important message for the American people to understand tonight, that level of success in Iraq.

We need to also understand what made this a great country; that's the free enterprise system and the accountability that's in. There has to be successes and failures for our system to adjust itself. That will not happen with trillions of dollars of borrowed money and this huge debt to resolve itself.

And I would point out, as a matter of an example, that when Bill Clinton was elected President in 1992, he came to this Congress in 1993 and he said, I want a \$30 billion economic stimulus plan because we have this recession that was brought about by Bush 41. I notice these new Democrat presidents always have a Bush recession to blame their economy on. But in any case, he asked for \$30 billion. And that \$30 billion was negotiated down to \$17 billion. I think that ended up over in the Senate, and finally they decided well that's not enough money to make any difference so we're just not going to do a \$17 billion economic stimulus plan. But \$30 billion was a lot of money to this Congress then. And that's why they debated it. And \$17 billion wasn't enough to make a difference. But today \$17 billion isn't even loose change in a \$2 trillion bailout/stimulus plan. That's how far we have come in a matter of two presidential terms, two different presidents, Mr. Speaker, to the point where \$17 billion, \$30 billion is loose

change in the maw of it all. And it will swallow us up.

And then, reverting back, Mr. Speaker, to the subject matter of Iraq, I'm a little disturbed that there's such a standard that has been raised that we should honor our troops and we should honor their families for the price that they paid, and a moment of silence on this floor is appropriate, an hour of silence would be appropriate, a long and enduring prayer every day for what they have done for our freedom and all of us would also be appropriate, Mr. Speaker. But that, brought out today by the same person that brought 45 different votes to the floor of the House of Representatives, those votes designed to underfund, unfund or undermine our troops is disturbing to me.

In the 110th Congress, we had brought by the Speaker of the House, these 45 votes to the floor that I said, underfunded, undermined or unfunded our troops. Some of those that I have in mind, supplemental appropriations H.R. 2642 that would prohibit establishing a permanent base in Iraq, among other things and reduce some funding.

We have another one, which is H.R. 5658, require the President to submit a report within 90 days of the bill's enactment for the long-term costs in Iraq and Afghanistan, including the cost of operations, reconstruction and health care benefits for how long, Mr. Speaker? Through at least fiscal year 2068 is what this report says.

□ 2300

That can't be constructive to tie the Commander in Chief up to produce a report that predicts costs until 2068. That undermines our troops, Mr. Speaker.

Here is another one. It followed along H.R. 5658, and it said that the United States Defender Act would have to be authorized by Congress in order to enter into any kind of an agreement with Iraq from a military perspective. Congress would have to authorize it. I don't think the Speaker of the House was going to allow the congressional authorization of those kinds of agreements. That undermined our troops again, Mr. Speaker.

Here I have H.R. 2082, which is to authorize funds for the intelligence portion of fiscal year 2008. It defines how we can interrogate prisoners. It's another way to handcuff the President of the United States and our military, whose lives have been in harm's way and remain in harm's way.

Here is another one on the same subject—on interrogation techniques and micromanagement. This Congress should not be trying to operate a war by micromanagement. The Continental Congress tried to do that. It's one of the reasons we have a stronger central government today.

The list of these kinds of transgressions goes on, Mr. Speaker. Here is another one.

The State-Foreign Operations Appropriations—Iraq Study Group estab-

lishes that. We know what came out of that. There is another one that reduces the spending, and it identifies the 18 benchmarks which I mentioned. On and on and on.

There were 45 different votes, Mr. Speaker, on the floor of this House of Representatives, 45 of those votes aside from the seven that were brought by Republicans, to recommit, defend or seek to overturn those. They all underfunded, unfunded or undermined our troops.

So a moment of silence is appropriate, but I cannot break from the thought that American lives have been put at risk and that we have lost some lives because of the actions on the floor of this Congress. These actions, Mr. Speaker, encouraged our enemy. In spite of all of this, we have a definable victory in Iraq today, and it is a definable victory that needs to be maintained by the current President of the United States and enhanced with a prudent utilization of the forces that are there and with a prudent transfer as the direction it is going over to the Iraqi security forces with a political, economic and military solution in Iraq so that they can sustain and defend themselves and can remain our ally in the Middle East to inspire the other moderate Muslim nations that are there.

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

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MEEK of Florida (at the request of Mr. HOYER) for today until 5 p.m.

Ms. HARMAN (at the request of Mr. HOYER) for today and February 11.

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Ms. WOOLSEY) to revise and extend their remarks and include extraneous material:)

Ms. WOOLSEY, for 5 minutes, today.

Mr. DEFAZIO, for 5 minutes, today.

Ms. KAPTUR, for 5 minutes, today.

Mrs. MALONEY, for 5 minutes, today.

(The following Members (at the request of Mr. LINCOLN DIAZ-BALART of Florida) to revise and extend their remarks and include extraneous material:)

Mr. LINCOLN DIAZ-BALART of Florida, for 5 minutes, today.

Mr. BROUN of Georgia, for 5 minutes, today.

Mr. GOODLATTE, for 5 minutes, February 11.

Mr. FLEMING, for 5 minutes, today.

(The following Member (at his request) to revise and extend his remarks and include extraneous material:)

Mr. FRANK of Massachusetts, for 5 minutes, today.