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**PROVIDING FOR CONSIDERATION OF S. 2986, INCREASING THE PUBLIC DEBT LIMIT  
-- (House of Representatives - November 18, 2004)**

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Mr. REYNOLDS. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentlewoman from New York (Ms. *Slaughter*), pending which I yield myself such time as I may consume. During consideration of

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this resolution, all time yielded is for the purpose of debate only.

(Mr. REYNOLDS asked and was given permission to revise and extend his remarks.)

Mr. REYNOLDS. Mr. Speaker, House Resolution 856 is a closed rule that provides for consideration of S. 2986, a bill to increase the public debt limit. The rule provides one hour of debate, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means. The rule waives all points of order against consideration of the bill. Finally, the rule provides 1 motion to commit.

Mr. Speaker, the debt limit increase bill that will come before this body is a necessary step in order to avoid a shutdown of our government. The Federal Government has never before defaulted on our obligations, but without our immediate action today we will simply be unable to pay our bills.

Mr. Speaker, the underlying bill increases the statutory debt limit in order to protect the full faith and credit of the United States. It is necessary and not an unusual step to ensure that the Federal Government is able to pay its bills.

It is important to note that the level of debt subject to limit is a function of past decisions made by decades of administrations and Congresses. It is equally important to note that increasing the debt limit does not increase the deficit.

As Robert Rubin, President Clinton's Treasury Secretary noted, ``Passage of the debt ceiling is totally unrelated to deficit reduction." And in testimony before the House Committee on Banking and Financial Services, he further noted that ``The debt limit is about meeting obligations already incurred, while future deficits can only be reduced so actions taken in the budget process itself."

While the publicly-held debt has increased more rapidly in recent years, it is a result of the ongoing war against terrorism, an effort that began after the horrific attacks on our Nation on September 11, 2001.

Without passage of the underlying bill today, vital programs such as Social Security, medicare, unemployment insurance benefits, veterans' care, and military retirement are all put in jeopardy.

We risk not providing food, clothing, ammunition, and other necessary resources to our brave men and women engaged in the war on terror. Highway funding, disaster assistance, the Low-Income Home Energy Assistance Program, all will be at risk.

In addition, if we do not act today, taxpayers will be further burdened with higher interest rates, and we risk the disruption of financial markets at a time when our national economy continues to grow at a strong pace.

Mr. Speaker, this rule and this underlying legislation is necessary to keep the government operating, ensure the continued delivery of vital services for our citizens, and provide the equipment, supplies, and munitions our troops need to continue our fight in the war on terror.

Mr. Speaker, I urge my colleagues to support this rule and the underlying bill.

Mr. Speaker, I reserve the balance of my time.

[Time: 10:15]

Ms. SLAUGHTER. Mr. Speaker, I yield myself such time as I may consume.

(Ms. SLAUGHTER asked and was given permission to revise and extend her remarks.)

Ms. SLAUGHTER. Mr. Speaker, as of yesterday, the national debt hit \$7,444,423,020,967.95. It translates to over \$25,000 owed by each and every one of us. The national debt is growing so fast, \$1.6 billion every single day, that the last seven digits on the national debt clock in New York City are flipping faster than can be seen by the human eye.

No one is spared this heavy economic burden, not even America's children. In fact, today every child born in America comes into this world owing a birth tax of \$25,255 which is their share of payment on a national debt that they had no part in creating.

To my friends on the other side of the aisle that fought with such fervor and passion against the so-called death tax, I ask, where is the moral indignation when it comes to the birth tax which is levied on this Nation's most innocent Americans, its children?

This is a moral issue. The Federal Government cannot continue to borrow 20 cents of every dollar it spends, run up historic deficits, and add to the Federal debt without seriously harming the economy for generations yet unborn.

Today, Mr. Speaker, the House will consider a measure to raise the debt ceiling for the third time in 3 years. The debt ceiling is a statutory limit, imposed by law on the total amount of debt that the United States of America can incur. It currently stands at \$7.384 trillion. At the beginning of President Bush's first term, Congress was told that the debt ceiling would not need to be raised until the year 2008 at the earliest. However, if we count the \$800 billion increase provided for under S. 2986, the bill to be considered later today, the debt limit will have been raised by more than \$2 trillion since President Bush took office.

On this day, with Americans coming together in Little Rock, Arkansas, to open the Bill Clinton Presidential Library, I find myself waxing nostalgic for the budget policies of the 1990s: the PAYGO rules, the spending caps and other critical budget policies that set our Nation's budget on a path to historic surpluses and allowed us to pay down the national debt for 7 straight years. It was not easy but it was the right thing to do.

Last night in the Committee on Rules, my colleague, the gentleman from California (Mr. *Thompson*), offered an amendment to S. 2986 to help us get on the path of fiscal discipline. The Thompson amendment, co-authored with the gentleman from Texas (Mr. *Stenholm*), one of this body's most thoughtful Members on budget issues, would have allowed this body to restore the PAYGO rules and spending caps that were allowed to lapse in 2002. Regrettably, the Thompson amendment was rejected and my colleagues are being denied the opportunity to restore some budget discipline.

Mr. Speaker, our national deficit keeps hitting historic highs, \$413 billion by the end of September, and no end in sight, particularly as we are spending \$5 billion a month on the war. At this rate, deficits will continue for years to come, adding several trillion at a minimum to the colossal debt we have already incurred. In fact, the Congressional Budget Office analysis indicates that at the current rate of deficit spending, by the year 2014 the debt ceiling will have to be raised to \$14.5 trillion.

Chronic budget deficits also undermine the economic security of Americans. As the government's appetite for money increases and it consumes more and more of the capital available in credit markets, more Americans will face higher interest rates and find it harder to finance their homes, their education,

and their businesses.

Moreover, there is cause for alarm when we look at how this debt is being financed. I have serious concerns about how this Nation will maintain its sovereignty as foreign governments and nationals continue to bankroll us.

Today, the Japanese hold over \$600 billion in U.S. debt paper and the Chinese hold between \$225 and \$275 billion. When 90 percent of new debt is purchased by the likes of the Bank of China and Japanese interests, how can we be sure that we have the resources to provide for the national defense? How do we ensure our independence when foreign governments who do not share our Nation's values or views on foreign policy issues buy up our bonds?

I strongly believe that the level of foreign holdings is a grave and gathering threat to our Nation's sovereignty.

Mr. Speaker the closed rule before us today only allows an hour to debate the national debt. That is simply not enough time to debate an issue that affects every man, woman and child, living and unborn, in this country. Moreover, the majority's refusal to let the Simpson-Stenholm PAYGO amendment come to the floor for a vote is foolhardy. Without a major change in course, we are on the path to debt for generations to come.

[From the Washington Post, Nov. 17, 2004]

## Soaring Ceilings

This week the lame-duck Congress will have to raise the federal debt ceiling. For several weeks the Treasury Department has

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been doing the governmental equivalent of scrounging for spare change in the couch cushions to pay its obligations. Now, with the election safely past and Treasury at the limits of its ingenuity, lawmakers will do the inevitable and increase the government's borrowing authority by as much as \$800 billion--raising the debt ceiling to more than \$8 trillion.

This will be the third time in three years that the debt limit has been increased, for a grand total of more than \$2 trillion during President Bush's first term. The last hike was nearly \$1 trillion, but it took less than 18 months for the government to hit the newly raised ceiling. By way of comparison, the entire federal debt in 1980 was less than \$1 trillion;

There will be some noisy debate about this, only partly on point. The debt limit, as now defined, both overstates and understates the problem of the national debt. It overstates the problem by including not

only what an ordinary person would think of as "real debt"--the \$4.3 trillion the government has borrowed--but also money the government essentially owes itself. These are the "trust funds" to finance future obligations, such as Social Security and Medicare, that the government "borrows" from to pay its current bills. To the extent this reflects a debt, it's of a different sort from a Treasury bond. But if this is a debt, the ceiling understates the problem because the trust fund IOUs the government issues to itself don't come close to reflecting the full cost of its future commitments to those programs.

This much is beyond question: The government is living far beyond its means. The deficits it racks up year after year impede economic growth, burden future generations and force the United States to rely on foreign governments and investors. Since Mr. Bush took office, foreign holdings of U.S. debt have grown from 30 percent to 43 percent of the total, and 90 percent of the new debt has been purchased by foreigners. Meanwhile, as the government has to pay more interest on its debt, it has less for health care, education and other programs. According to the Congressional Budget Office, the government's interest payments are expected to more than double between 2003 (\$153 billion) and 2010 (\$319 billion); interest costs will account for almost 10 percent of federal spending in the next decade.

"We owe it to our children and grandchildren to act now," Mr. Bush said in his first State of the Union address. He was speaking about his plan to pay off over the next decade the entire \$2 trillion in government debt held by the public. Now, instead of being eliminated, debt held by the public--real debt--is on track to reach \$6.5 trillion by 2011. How do Mr. Bush and all the lawmakers who have enabled his irresponsibility plan to explain that to the grandchildren?

Mr. Speaker, I reserve the balance of my time.

Mr. REYNOLDS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I think it is important to just clarify the record that while public debt is held by foreign interests, foreigners invest in the United States because we have a sound economy and we provide a safe place for them due to our low risk of default.

The market for U.S. Treasury securities is the largest, most liquid and transparent financial market in the world.

It is also important for our colleagues to know that our debt limit increase is not an unusual function if we just look at the 21st century, but I think we kind of have to look at the last half of the 20th century.

The level of outstanding debt is subject to a limit and a function that is past decisions made by previous administrations and Congresses over decades, as I mentioned in my opening remarks, as well as current and past levels of economic activity and should not be subject to political gamesmanship.

As we look at the debt limit increase measures, there have been 83 since 1940, Mr. Speaker, seven during the 1940s, six during the 1950s, 13 during the 1960s, 18 during the 1970s, 24 during the 1980s,

13 during the 1990s and two far this decade. So it is not an unusual function or an unprecedented function or a Republican function or a Democratic function. It is a function of keeping the government running.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. *Dreier*), the distinguished chairman of the Committee on Rules.

Mr. DREIER. Mr. Speaker, I thank the gentleman for yielding me time.

I want to begin by saying that I suspect that this may be the last rule that will be managed by our good friend from Buffalo, New York (Mr. *Reynolds*), as he is going to be taking the position that the gentleman from New York (Mr. *Houghton*) is giving up as a member of the Committee on Ways and Means representing the State of New York on the Committee on Ways and Means. So I want to say that rarely have we seen the kind of passionate eloquence when it has come to management of rules on the House floor that we have from my friend, the gentleman from New York (Mr. *Reynolds*). And I want to congratulate him and thank him for his stellar service to the Committee on Rules and to this institution overall.

Mr. Speaker, I rise in strong support of this rule. It is the fiscally responsible policy for us to increase by \$800 billion the national debt limit. One might say, how can that be fiscally responsible for us to all of the sudden increase that burden which has the potential to increase interest rates and do all of these other things that obviously we bemoan increases in spending.

Well, the reason it is the fiscally responsible thing for us to do is that if we do not, there are tremendous obligations that the Federal Government has that could potentially be jeopardized. Not that they will be jeopardized or not, but potentially be jeopardized. One of the things that is important for us to realize, Mr. Speaker, is that if we look at the question of the auction of our Treasury bills that is on the horizon, we know one thing full well. If we do not take this action now as expeditiously as possible, get this done, we will increase the already-high interest costs that the American taxpayer will be shouldering.

Now, this issue is a wonderful issue to demagogue, and I will tell you that I probably in my quarter century here have been guilty of having done it in the past. I will say that clearly increasing the debt ceiling is something that it is easy to cast a "no" vote on it, but it is not the responsible thing to do.

Now, we listen to people decrying a number of things. Obviously, there is talk about how this President inherited a wonderful surplus and today many of our colleagues are in Little Rock, and we congratulate President Clinton on the opening of his library; but let us remember that as we looked at the surplus that was created during the decade of the 1990s, Mr. Speaker, it was done so because of the fact that we Republicans came to majority in 1994. And we came to majority focusing on a couple of things. Yes, trying to restrain the growth of Federal spending, but at the same time we had our attention on the issue of economic growth. And we know that we brought about that economic growth because of the

fact that we were able to reduce taxes to stimulate the economy.

Now, one of the things people say when we talk about the problems of increased spending that has taken place over the past 4 years, one of the things we need to recognize is that even if we did not have the horrendous attacks of September 11, 2001, against the United States of America, even if we did not have the war and the costs of that war in Iraq, we still would be dealing with deficit spending. We still would be faced with the challenge of increasing the debt ceiling. Why? Because it was the fact that we saw an economic slow-down that really began as every economist, virtually every economist has recognized, every nonpartisan economist has recognized, began in the waning, waning months of the year 2000, before George Bush was even elected President of the United States. We saw this economic slow-down. And that economic slow-down obviously diminished flow of revenues to the Federal Treasury.

Now, what is it that we have done? Fortunately, with the policies we have put in place, Mr. Speaker, we have actually seen an increase to the flow of revenues to the Federal Treasury and the last projection showed actually an unanticipated \$108 billion in revenues have come into the Federal Treasury. Why? Because of the fact that the economy is growing.

So we are on a path toward greater economic growth. And now that this election is behind us, Mr. Speaker, one of the things that we also need to realize is that we have the potential to make permanent the tax cuts, to bring about reform of Social Security, which is a very high priority, and a wide range of other things, like market-opening opportunities which will help us.

The other thing that was just raised by my friend from Buffalo that I think is important for us to talk about is this wringing our hands over the fact that

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there are nations like the People's Republic of China that might consider investing its dollars in the United States of America. What better signal of the strength and confidence that the world has for our economy than to see them invest in our economy? I see that, Mr. Speaker, as a positive for us as a Nation.

So it is very clear, some people who want to politicize and say, oh, well, let us not increase the debt limit. Well, it is very important that we do this. Increasing this debt ceiling will save U.S. taxpayer dollars because if we do not, we will see an even greater interest burden shouldered on the U.S. taxpayer. So let us vote for this rule. Let us vote for the rule as it is reported out because of the fact that any kind of delay would delay action over in the other body, and we need to move as quickly as we can on this and then let us vote for the package itself.

Mr. Speaker, I thank the gentleman for yielding me time.

Ms. SLAUGHTER. Mr. Speaker, I yield 4 minutes to the gentleman from Massachusetts (Mr. *McGovern*), a member of the Committee on Rules.

(Mr. *McGOVERN* asked and was given permission to revise and extend his remarks.)

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