



CONGRESSMAN

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Washington Report



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LEGISLATIVE UPDATE

✓ **Super Bust**

One Capitol Hill newspaper had a headline in mid-October which read “Super Committee or Super Bust?” The failure of the so-called Super Committee to meet its November 23 deadline was predicted by most who follow Congress. Just a few days earlier, the national debt passed the \$15 trillion mark and is headed higher at a rapid rate. This Committee was assigned the task of finding a \$1.2 to \$1.5 trillion reduction in the projected increase. Overall federal spending was going to go way up even if the Committee had met this modest goal. And, even though the amounts being discussed sounded high, every figure was over a ten-year period. Thus, the Super Committee was not talking about enough “cuts” in the first place. Our deficits and National debt were going up even if they had reached an agreement.

✓ **Automatic Cuts**

Because the Super Committee did not reach an agreement, there is supposed to be an automatic sequester of \$1.2 trillion, half in domestic spending and half from the military. But most people think that these “cuts” will not happen. Columnist George Will wrote: “But

the trigger will not be pulled until 2013. No Congress can bind another, any trigger Congress creates Congress can disable... Without the sequester, spending will increase \$1.7 trillion; with the sequester, spending will increase \$1.6 trillion.” These are optimistic predictions over the next 10 years. Actually, the President’s budget for 2011 alone has a deficit of \$1.6 trillion.

✓ **The Problem**

Almost everyone, except perhaps those on the far left, realizes that federal spending needs to be cut. However, just about everyone wants everyone else to be cut but not them and their money. Today, huge amounts of federal money are going not only to federal employees and contractors, but also to state and local governments, doctors, hospitals, universities and their students, National Guard and reserve units, schools, farmers, and on and on. We are now borrowing more than 41 cents of every dollar the federal government spends. The only fair way to actually cut federal spending would be to do across-the-board cuts with the same percentage for everyone. Since this will not be done unless the Congress becomes much more fiscally-conservative, most people think we are headed very quickly

toward the same financial problems as Greece, only on a much larger scale.

✓ **U.S. Economy**

Our economy could and should be booming today and would be were it not for government regulators and environmental radicals. Each year we seem to drift further away from a true free market system, and the people wonder why so many college graduates and others cannot find good jobs. One national news-cast told of Williston, N.D., where the economy is booming because they have allowed some oil production. All types of energy production can be done in clean ways today. Yet radical groups oppose and often stop huge amounts of oil, coal and natural gas production and logging. This helps foreign energy producers, but really hurts people in this Country by destroying jobs and driving up prices on everything. I wish the environmental movement would not be so negative and pessimistic all the time and realize that only free enterprise can generate the excess funds to do good things for the environment.

✓ **Oil Resources**

According to a report written in part by the U.S. Department

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of Energy, the U.S. has almost one and a half trillion barrels of recoverable oil resources. Canada has 320 billion barrels. All the countries outside of North America, including Saudi Arabia, Venezuela, Iran, and others, have a combined total of 1.1 trillion barrels. These are known reserves. Others may be discovered in the future. Yet, this Administration has a Secretary of Energy who said we should be paying the same price for gas as people in Europe. They were paying eight to nine dollars a gallon when he said this. They pay the same world oil price as we do. They just put many more taxes in their price. It would really shut this country down if we tripled the price of gas. Of course, the environmentalists would love this because people would drive much less.

✓ **Jobs Bill**

The "Jobs Bill" the President is pushing will kill more jobs than it creates. This was proved by the big stimulus bill which was such a failure that the Administration instructed its people to not use the word "stimulus" about this bill. The non-partisan Congressional Budget Office, which works for both sides, said the stimulus bill cost \$228,000 per job created. In the private sector, it is generally estimated that a job is created for every \$50,000 on average. I attended an Aspen Institute breakfast recently where Edward Rendell, the former Democratic Governor of Pennsylvania, estimated that a highway bill would create 25,000 jobs for each one billion, or \$40,000 per job. This is because most of the money would go to private companies. How-

ever, the much higher CBO figure above came about because the most inefficient way to spend money is to turn it over to the federal government. The House has passed more than 20 bills to increase jobs and energy production in the private sector, but the majority in the Senate has refused to take them up.

✓ **Asian Century**

I have traveled to several countries in Asia three or four times over the last 15 years. Unfortunately, there seems to be more free enterprise allowed in these nations than in the U.S. The 20th Century was often referred to as the American Century. If we do not stop over-regulating small and medium-size businesses in this Country, the 21st Century may be called the Asian Century. The national bird of China should be the giant Crane there is so much high-rise construction going on there. Brett Decker, an Editor of the Washington Times, said he co-authored a new book called Bowing to Beijing because "the dominant geopolitical narrative today is about two trends: China's rise and America's decline."

✓ **Common Sense**

Great Britain is facing many of the same problems we have, except a little worse because their government takes more money per person than ours does. Columnist Janet Daley, in the British Newspaper, the Daily Telegraph, wrote on Nov. 26 about the myth that government activism "is the answer to every economic and social problem." Ms. Daley made good sense and wrote words equally applicable to the U.S.: "...in our present crisis, the best thing that the Government

can do is to get out of the business of running (or subsidizing, or initiating, or incentivizing) things altogether - not just in the interests of saving money, but because the effects of such interference are counter-productive. What the economy is suffering from is not an insufficiency of over-weaning, fussy, bureaucratic initiatives that inevitably unleash an avalanche of unintended consequences, but a lack of cash in the hands of people who might spend it in ways that would actually create economic growth."

✓ **Insider Trades**

It is false to say that insider trading laws do not apply to members of Congress. In fact, the Congress passed the Congressional Accountability Act in 1995 to specify that all laws apply to members of Congress just like anyone else. I can assure anyone that I have never done any kind of insider trading on any stock, as a Member of Congress or otherwise. The only stock I ever made much money on was some Cracker Barrel stock that I bought many years before I came to Congress and sold in 1990. Almost every stock or piece of property I have ever bought has either stayed roughly the same or gone down while I have held it, and then gone way up after I have sold it. However, because I have probably been too conservative, I have not made any big money, but I do not have any indebtedness. The only way that my wife and I are wealthy is because we have healthy children and grandchildren.

LEGISLATIVE UPDATE continued from page 2✓ **The Wealthy**

It may be hard for some to believe, but fewer than 10% of those in the House are what anyone would classify as wealthy. The percentage would be a little higher in the Senate. More importantly, no one is trying to “protect” multi-millionaires or billionaires. All the debates are over who is going to spend the money. The reason conservatives do not want higher taxes on anyone is because the most wasteful way you can spend money is to turn it over to the federal government. If this was not true, then the former Soviet Union and Cuba and other communist and socialist countries would have been heaven on earth. The more that government at all levels takes from the people, the larger the gap grows between the rich and the poor. Small government results in few at the top, few at the bottom, and a huge middle class. Big government means few at the top, few in the middle, but a huge percentage at or near the bottom.

✓ **Occupy Wall Street**

Occupy Wall Street and its offshoots very quickly became controlled by radicals and extremists. But their slogan of 99% versus the 1% had some appeal for almost everyone. However, their anger is misguided. Once again, the problem is big government. These ridiculous, obscene, out-of-whack salaries are not being paid by small businesses. They are being paid by the biggest businesses, almost all of which have received federal and/or state contracts, favorable regulatory rulings, tax breaks, or even free land. In almost every industry or

business, the little guys have the most difficulties complying with all the government rules, regulations, and red tape. Thus, the biggest keep getting bigger, and ultimately, those who favor bigger and bigger government end up being the best friends of extremely big businesses. Even the major sports teams have benefited from taxpayer-financed stadiums, special anti-trust exemptions, and so forth.

✓ **EPA Supporter**

I have heard and read more criticism of the Environmental Protection Agency over the last two or three years than about any other federal agency in my entire time in Congress. The EPA mainly just drives up prices and destroys jobs. Thus, I was fascinated for the first time to read some support for the EPA. However, I was not surprised that it came from the CEO of Exelon, the largest nuclear operator and giant distributor of electricity and natural gas. The more an industry is regulated, the more it becomes dominated by a few big giants. First the small companies go out and then the medium-sized companies go or are forced to merge. It is much easier for federal regulators to deal with one large company, and they feel more important, than it is to deal with 100 little companies. The EPA rules the Exelon CEO praised will drive out much of his competition. We have this big government-big business duopoly, and far too many federal regulators take early retirement and go to work for the companies they were regulating. This revolving door is seen even more clearly by all the admirals and generals who go to work for the

defense contractors.

✓ **Over-Regulation**

The Dodd-Frank Bill, which was passed because of anger at big banks, will end up helping the big guys because it will drive many smaller banks out of business. That bill has 2,300 pages and mandated 40 rulemakings and 65 studies. One proposed rule on proprietary trading covers an additional 298 pages. According to the Government Accountability Office (GAO), the estimated cost for the first year is \$1.25 billion. The Commodity Futures Trading Commission has now received 25,000 comments on its proposed new rules. I was told that an earlier law called Sarbanes-Oxley was going to cost one very small Monroe County bank over \$100,000 a year. A 2008 study by the Small Business Administration put the cost of just federal regulations at an astounding \$1.75 trillion, or a cost of \$10,500 per employee, per year. And regulations have greatly increased in almost every business and industry since then.

✓ **FDA Regulation**

My constituent and friend, Jim Cassady, gave me a mailing he received about the desire of the Food and Drug Administration to regulate vitamins and health supplements. Every government agency always wants to expand its mission and increase its funding. Dr. Milton R. Wolf, a radiologist and medical columnist (and cousin to President Obama) wrote recently: “The FDA, despite its intentions, drives up the costs of medicines and often dries up the supply chain altogether.”

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He quoted from a report by four national medical societies that said: "Several drug shortages have been precipitated by actual or anticipated action by the FDA." The report also referred to the "cost and complexity" of the FDA's "regulatory barriers." Some testing is necessary, but the federal government has now become too bureaucratic, and it has caused most medicines to take years and hundreds of millions of dollars to get to market and resulted in the pharmaceutical industry being in the hands of a few big giants. The same things will happen to vitamins and health supplements if we increase the authority of the FDA. While some studies question the effectiveness of vitamins, they are probably the safest products on the market today as there is some danger associated with almost everything.

✓ **Pakistan Attack**

At the end of November, NATO forces mistakenly killed 24 Pakistani soldiers. Because NATO is regarded around the world as being controlled by the U.S., this created great outrage in Pakistan, where there were already very high anti-American feelings anyway. This is a Country to which we have given megabillions in recent years, almost all of which has come from outside the foreign aid budget. We can carry on very effective diplomatic and military relations without being in NATO. This is an outdated organization that in recent years has caused the U.S. much more harm than good.

✓ **Foreign Policy**

Too many leaders in this and other developed nations have

wanted to be seen as Winston Churchill-type world statesmen. They have been too eager to go to war. The wars in Iraq and Afghanistan have been much more about money and power than they have been about any real threats to this Country. In fact, we would have fewer threats if we followed a more neutral, less interventionist foreign policy. When I was called to the White House just before our vote on the second Iraq war for a meeting with Condoleezza Rice and the two top CIA officials, they told me 80% of the Iraqi people hated Saddam Hussein. If this was true, and I assumed it was, then the Iraqi opposition should have been able to overthrow him. Just a few years earlier, in 1998, I had voted to give that opposition \$100 million to help do just that. We should not have sent our young people to fight and die for Iraq. The Iraqis themselves should have carried out their own war and we would have saved many lives and trillions of dollars.

✓ **Foreign Aid**

People who favor foreign aid will always say that it is only about one percent of our budget. This is very misleading. Actually, about half of what the Defense Department does is foreign aid, building schools, bridges, power and water systems, training police and even farmers. Almost every other federal department and agency spends big money in other countries. We really spend several hundred billion all over the world each year – money that we really cannot afford. Georgie Anne Geyer, a foreign policy columnist, wrote several years ago that Americans "will inevitably come to a point where they will

see they have to have a government that provides services at home or one that seeks empire across the globe." I am opposed to building other nations and believe we need a more humble foreign policy. Unfortunately, most of our presidents have not seemed to share these views.

✓ **Military Force**

Many years ago, I said repeatedly that we should not go to war unless there was no other reasonable alternative and even then only as a last resort. Thus, I was pleased to read last summer that President Reagan once wrote that we should follow these four principles: (1)The United States should not commit its forces to military action overseas unless the cause is vital to our national interest; (2)If the decision is made to commit our forces to combat abroad, it must be done with the clear intent and support needed to win... and there must be clearly defined and realistic objectives; (3)Before we commit our troops to combat, there must be reasonable assurance that the cause we are fighting for and the actions we take will have the support of the American people and Congress, and (4)Even after all these other tests are met, our troops should be committed to combat abroad only as a last resort, when no other choice is available."

✓ **Technology Overload**

Sometimes we may be too smart for our own good. This is especially true with modern technology where some products are out-of-date by the time they reach the consumer. Some things are moving faster than we can afford. All the new com-

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puters, I-Pads, I-Pods, etc. are costing individuals and nations fortunes, not only in the initial purchase prices but especially in energy costs. More and more people are becoming concerned about the social costs, too, because so many young people have become addicted to the screens. They are having trouble talking or relating to other human beings. In addition, there is no true privacy anymore, as those who know how can look at your bank records, purchases, phone calls, medical records, and anything else they want. Officials of one company appeared before one of my committees to tell how they had downloaded 250,000 tax returns for a morning TV show just to prove that it could be done.

✓ **Security Concerns**

There are security concerns too, as computer hackers have gotten into the supposedly top secret files of the Pentagon thousands of times. And Identity theft, according to one hearing I attended, is the fastest growing crime. Several years ago, the Washington Post reported that a 12-year-old boy in California, on his home computer, had opened the flood gates at the Hoover Dam, some 700 miles away. In November, there was a national news report, about which there is now some uncertainty, that a computer hacker from Russia had messed up the water supply in West Springfield, Illinois. Cyber Security, so far, has been a very costly joke. I am not suggesting we should all try to live like the Amish, because modern technology has made our lives better in most ways. But we need to have some serious discussions

about some of the dangers.

✓ **Two Actions**

Two recent actions on somewhat unrelated topics: (1) On December 1st, I wrote to Secretary of State Hillary Clinton to urge her to stop funding the Iraqi police training program. The budget for this is \$887 million for 2012, and we have already spent nearly eight billion on this program since 2003. This is a ridiculous waste of money for a Nation like ours that is many trillions in debt. The Iraqi government should be training its own police. (2) I was one of only 15 in the House who voted against a bill to more than double the number of immigrants allowed in to fill high-skilled occupations. Many of our largest companies wanted this bill because they say they are having trouble filling many technical and scientific positions. While these Fortune 500 companies are very powerful, and the bill passed overwhelmingly, it is unfortunate that we are going to do this at a time when we have so many college graduates looking for work. These are some of our best paying jobs, but foreign engineers and scientists will work for lower salaries.

✓ **Energy Loans**

The Energy Department gave a \$535 million dollar loan guarantee to the Solyndra Corp., meaning the taxpayers will have to pay the debt for this bankrupt company. The Department gave a loan guarantee of \$1.2 billion to SunPower, another failing company which is hundreds of millions in debt. There were several other companies, all well-connected to this Administration, which

received similar guarantees. In 1978, the Wall Street Journal reported that the solar industry said by the year 2000, 20% of our energy would come from solar power. Now, 33 years later, and after mega-billions in taxpayer subsidies and loan guarantees, solar energy provides far less than one percent of our energy. When a government is as deeply in debt as ours is, it should not be giving loan guarantees to anyone for anything. It is not the bureaucrats' money in the first place.

✓ **Drug Contract**

In addition to government loans and loan guarantees, this Administration gave a huge \$433 million no-bid contract to billionaire Ronald Perelman. The Chicago Tribune reported on Nov. 14 that his Company, Siga Technologies, was given a contract "to try an experimental smallpox drug, despite uncertainty over whether it is needed or will work." The newspaper also reported that when the company "complained that contracting specialists at the Department of Health and Human Services were resisting the company's financial demands, senior officials replaced the government's lead negotiators..." The federal government practices crony capitalism and will do so unless and until the Congress starts reducing its appropriations.

✓ **Student Debt**

The amount of student loans taken out last year passed the \$100 billion mark for the first time, and total student loans outstanding will exceed \$1 trillion for the first time this year. One of the demands of Occupy leaders is a free college education, meaning they want someone else to pay their

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bills. It shocks students when I tell them my first year at UT, the tuition was \$270 for the school year and \$405 my senior year four years later. The problem is the student loan program, especially after it was greatly expanded in the mid-70's. College tuition has gone up three or four times the rate of inflation almost every year since that program started. Costs simply explode on anything the federal government subsidizes, especially on medical care and higher education. Both were cheap before the federal government started "helping". When I was in undergraduate school and law school in the late 60's and early 70's, young people could work part time (as I did) and pay all their fees. No one got out of school with a debt. Now almost everyone does.

✓ **Federal Pensions**

I recently advocated in a letter to the Super Committee, as I had in an earlier floor speech, that early federal retirements need to be greatly reduced for new hires. This could save many billions over the next 15 to 20 years. Some did not read below the headlines and thought I was proposing a change for current federal employees. Ac-

tually, this is one of many things that need to be done to protect the pensions of those who are already in the system. If the federal government keeps spending like there is no tomorrow, federal pensions will inevitably be cut or so much money will be printed that inflation will have the same effect. We are already seeing this happen in other countries and even in the U.S. in several cities and towns and the State of Rhode Island.

✓ **Health Bill Waivers**

One of many things that show the health care bill the last Congress passed was very ill-conceived is the number of waivers that have been requested. Over 2000 private companies and city governments have requested and/or received waivers. Now, the Department of Health and Human Services has granted waivers to Maine, New Hampshire, Kentucky, Nevada, Iowa, Georgia and Wisconsin. Waivers have been denied to Delaware, North Dakota, Indiana and Louisiana. The Department is currently reviewing applications from Florida, Kansas, Michigan, Texas, Oklahoma and North Carolina. If we really followed our Constitution, the States would be more powerful than the federal gov-

ernment and would not have to beg for waivers from our Big Brother, dictatorial national bureaucracy.

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