

Crenshaw	Jenkins	Porter
Crowley	John	Portman
Cubin	Johnson (CT)	Price (NC)
Culberson	Johnson (IL)	Pryce (OH)
Cummings	Johnson, Sam	Putnam
Cunningham	Jones (NC)	Radanovich
Davis (AL)	Kanjorski	Rahall
Davis (CA)	Keller	Ramstad
Davis (FL)	Kelly	Regula
Davis (TN)	Kennedy (MN)	Rehberg
Davis, Jo Ann	Kennedy (RI)	Renzi
Davis, Tom	Kildee	Reyes
Deal (GA)	Kind	Reynolds
DeGette	King (IA)	Rodriguez
DeLay	King (NY)	Rogers (AL)
DeMint	Kingston	Rogers (KY)
Diaz-Balart, L.	Kirk	Rogers (MI)
Diaz-Balart, M.	Klecza	Rohrabacher
Dicks	Kline	Ros-Lehtinen
Dingell	Knollenberg	Ross
Doolittle	Kolbe	Rothman
Dreier	Kucinich	Roybal-Allard
Duncan	Lampson	Royce
Dunn	Langevin	Ruppersberger
Edwards	Latham	Rush
Ehlers	LaTourette	Ryan (WI)
Emanuel	Leach	Ryun (KS)
Emerson	Lee	Sanchez, Loretta
English	Lewis (CA)	Sandlin
Etheridge	Lewis (GA)	Saxton
Everett	Lewis (KY)	Schiff
Fattah	Linder	Schrock
Feeney	LoBiondo	Scott (GA)
Ferguson	Lofgren	Scott (VA)
Flake	Lowey	Sensenbrenner
Foley	Lucas (KY)	Serrano
Forbes	Lucas (OK)	Sessions
Fossella	Majette	Shadegg
Franks (AZ)	Manzullo	Shaw
Frelinghuysen	Marshall	Shays
Frost	Matheson	Sherman
Gallegly	McCarthy (NY)	Sherwood
Garrett (NJ)	McCollum	Shimkus
Gerlach	McCotter	Shuster
Gibbons	McCrery	Simmons
Gilchrest	McHugh	Simpson
Gillmor	McInnis	Slaughter
Gingrey	McIntyre	Smith (NJ)
Gonzalez	McKeon	Smith (TX)
Goodlatte	McNulty	Souder
Gordon	Meek (FL)	Spratt
Granger	Menendez	Stearns
Graves	Mica	Sullivan
Green (TX)	Michaud	Sweeney
Green (WI)	Millender	Tancredo
Greenwood	McDonald	Tanner
Gutknecht	Miller (FL)	Tauscher
Hall	Miller (MI)	Taylor (NC)
Harman	Miller, Gary	Terry
Harris	Miller, George	Thomas
Hart	Mollohan	Thompson (CA)
Hastert	Moore	Thompson (MS)
Hastings (WA)	Moran (KS)	Thornberry
Hayes	Moran (VA)	Tiahrt
Hayworth	Murphy	Tiberi
Hefley	Musgrave	Toomey
Hensarling	Myrick	Turner (TX)
Herger	Napolitano	Udall (CO)
Hersteth	Nethercutt	Udall (NM)
Hill	Neugebauer	Upton
Hinojosa	Ney	Van Hollen
Hobson	Northup	Visclosky
Hoeffel	Nunes	Vitter
Hoekstra	Nussle	Walden (OR)
Holt	Ortiz	Walsh
Honda	Osborne	Weiner
Hooley (OR)	Ose	Weldon (FL)
Hostettler	Otter	Weldon (PA)
Houghton	Paul	Wexler
Hoyer	Payne	Whitfield
Hulshof	Pearce	Wicker
Hyde	Pence	Wilson (NM)
Inslee	Peterson (PA)	Wilson (SC)
Israel	Petri	Wolf
Issa	Pickering	Woolsey
Istook	Platts	Wu
Jackson (IL)	Pombo	Young (AK)
Jefferson	Pomeroy	

## NOT VOTING—46

Ackerman	Delahunt	Hinchey
Baca	Deutsch	Holden
Baird	Dooley (CA)	Hunter
Bell	Doyle	Isakson
Bishop (GA)	Eshoo	LaHood
Blumenauer	Gephardt	Larsen (WA)
Carson (IN)	Goode	Meeks (NY)
Clyburn	Goss	Murtha
Collins	Hastings (FL)	Norwood

Oxley	Sánchez, Linda	Tauzin
Pascarell	T.	Turner (OH)
Pitts	Sanders	Wamp
Quinn	Smith (MI)	Watt
Rangel	Smith (WA)	Waxman
Sabo	Stark	Weller
	Stupak	Young (FL)

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. THORNBERRY) (during the vote). There are 2 minutes remaining in this vote.

□ 1757

So the motion to adjourn was rejected.

The result of the vote was announced as above recorded.

# REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4766, AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2005

Mr. LINDER, from the Committee on Rules, submitted a privileged report (Rept. No. 108-591) on the resolution (H. Res. 710) providing for consideration of the bill (H.R. 4766) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies for the fiscal year ending September 30, 2005, and for other purposes, which was referred to the House Calendar and ordered to be printed.

# REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2828, WATER SUPPLY, RELIABILITY, AND ENVIRONMENTAL IMPROVEMENT ACT

Mr. LINDER, from the Committee on Rules, submitted a privileged report (Rept. No. 108-592) on the resolution (H. Res. 711) providing for consideration of the bill (H.R. 2828) to authorize the Secretary of the Interior to implement water supply technology and infrastructure programs aimed at increasing and diversifying domestic water resources, which was referred to the House Calendar and ordered to be printed.

## SPECIAL ORDERS

The SPEAKER pro tempore (Ms. HARRIS). Under the Speaker's announced policy of January 7, 2003, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

# INFLATION HURTS MIDDLE CLASS AND LOW-INCOME AMERICANS

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

Mr. PAUL. Madam Speaker, all government spending represents a tax. The inflation tax, while largely ignored, hurts middle-class and low-income

Americans the most. The never-ending political squabbling in Congress over taxing the rich, helping the poor, PAYGO, deficits, and special interests ignores the most insidious of all taxes, the inflation tax.

□ 1800

Simply put, printing money to pay for Federal spending dilutes the value of the dollar, which causes higher prices for goods and services. Inflation may be an indirect tax, but it is a very real tax, and the individuals who suffer most from the cost-of-living increases certainly pay a tax.

Unfortunately, no one in Washington, especially those who defend the poor and the middle class, cares about this subject. Instead, all we hear is that tax cuts for the rich are the source of every economic ill in the country. Anyone truly concerned about the middle class suffering from falling real wages, underemployment, a rising cost of living and a decreasing standard of living should pay a lot more attention to monetary policy. Federal spending, deficits and Federal Reserve mischief hurts the poor while transferring wealth to the already rich. This is a real problem, and raising taxes on those who produce wealth only make conditions worse.

This neglect of monetary policy may be out of ignorance, but it may well be deliberate. Fully recognizing the harm caused by printing money to cover budget deficits might create public pressure to restrain spending, something the two parties do not want. Expanding entitlements is now an accepted prerogative of both parties. Foreign wars and nation building are accepted as the foreign policy of both parties.

The left hardly deserves credit when complaining about Republican deficits. Likewise, we have been told by our Vice President that Ronald Reagan proved that deficits do not matter, a tenet of supply-side economics. With this the prevailing wisdom in Washington, no one should be surprised that spending and deficits are skyrocketing. The vocal concerns expressed about high deficits coming from the big spenders on both sides are nothing more than political grandstanding. If Members feel so strongly about spending and deficits, Congress simply can do what it ought to do: cut spending. That, however, is never seriously considered by either side.

If those who say they want to increase taxes to reduce the deficit got their way, who would benefit? No one. There is no historic evidence to show that taxing productive Americans to support both the rich and poor welfare beneficiaries help the middle class, produces jobs, or stimulates the economy.

Borrowing money to cut the deficit is only marginally better than raising taxes. It may delay the pain for a while, but the cost of government eventually must be paid. Federal borrowing means the cost of interest is added, shifting the burden to a different group

than those who benefited, and possibly even to another generation. Eventually borrowing is always paid for through taxation. All spending ultimately must be a tax, even when direct taxes and direct borrowing are avoided.

The third option is for the Federal Reserve to create credit to pay the bills Congress runs up. Nobody objects, and most Members hope that deficits do not really matter if the Fed accommodates Congress by creating more money. Besides, interest payments to the Fed are lower than they would be if funds were borrowed from the public, and payments can be delayed indefinitely merely by creating more credit out of thin air to buy U.S. treasuries. No need to soak the rich; a good deal it seems for everyone. But is it?

Paying for government spending with Federal Reserve credit instead of taxing or borrowing from the public is anything but a good deal for everyone. In fact, it is the most sinister, seductive "tax" of them all. Initially it is unfair to some, but dangerous to everyone in the end. It is especially harmful to the middle class, including lower-income working people who are thought not to be paying taxes.

The "tax" is paid when prices rise as a result of a depreciating dollar. Savers and those living on fixed income are hardest hit as the cost of living rises. Low- and middle-income families suffer the most as they struggle to make ends meet while wealth is literally transferred from the middle class to the wealthy. Government officials stick to their claim that no significant inflation exists, even as certain necessary costs are skyrocketing and incomes are stagnating. The transfer of wealth comes as savers and fixed income families lose purchasing power, large banks benefit, and corporations receive plush contracts from the government, as in the case of military contractors. These companies use the newly printed money before it circulates while the middle class and the poor are forced to accept it at face value later on. This becomes a huge hidden tax on the middle class, many of whom never object to government spending in hopes that the political promises will be fulfilled and they will receive some of the goodies. But surprise, it does not happen. The result instead is higher prices for prescription drugs, energy and other necessities. The freebies never come.

The Fed is responsible for inflation by creating money out of thin air. It does so either to monetize Federal debt or in the process of economic planning through interest rate manipulation. This Fed intervention in our country, although rarely even acknowledged by Congress, is more destructive than Members can imagine.

Not only is the Fed directly responsible for inflation and economic downturns, it causes artificially low interest rates that serve the interests of big borrowers, speculators and banks. This unfairly steals income from frugal retirees who chose to save and place their funds in interest bearing instruments like CDs.

The Fed's great power over the money supply, interest rates, the business cycle, unemployment, and inflation is wielded with essentially no Congressional oversight or understanding. The process of inflating our currency to pay for government debt indeed imposes a tax without legislative authority.

This is no small matter. In just the first 24 weeks of this year the M3 money supply increased \$428 billion, and \$700 billion in the past year. M3 currently is rising at a rate of 10.5 percent. In the last 7 years the money supply has increased 80 percent as M3 has soared \$4.1 trillion. This bizarre system of paper money worldwide has allowed serious international imbalances to develop. We own just four Asian countries \$1.5 trillion as a consequence of a chronic and staggering current account deficit now exceeding 5 percent of our GDP. This current account deficit means Americans must borrow \$1.6 billion per day from overseas just to finance this deficit. This imbalance, which until now has permitted us to live beyond our means, eventually will give us higher consumer prices, a lower standard of living, higher interest rates, and renewed inflation.

Rest assured the middle class will suffer disproportionately from this process.

The moral of the story is that spending is always a tax. The inflation tax, though hidden, only makes things worse. Taxing, borrowing and inflating to satisfy wealth transfers from the middle class to the rich in an effort to pay for profligate government spending, can never make a nation wealthier. But it certainly can make it poorer.

#### REMEMBERING WHY WE FIGHT

The SPEAKER pro tempore (Ms. HARRIS). Under a previous order of the House, the gentleman from California (Mr. SCHIFF) is recognized for 5 minutes.

Mr. SCHIFF. Madam Speaker, in the early days of World War II, the government commissioned director Frank Capra to make a series of films that would explain the nature of the war to a hastily mobilized Nation.

Over the course of the next 3 years, Capra produced a remarkable series of films collectively known as "Why We Fight." These films were instrumental in elevating the war from a fight for land and resources to a struggle between the "free world" of the Allies and the "slave world" of Nazi Germany and Imperial Japan.

As a Nation rooted in an ideology rather than ethnic or geographical identity, the United States has always looked at its wars as ideological conflicts between freedom and tyranny. Our national reluctance to go to war has shaped the prerequisite that when we fight, we do so for a high moral purpose that honors our principles and values.

When he addressed the Congress, the Nation and the world in the wake of the September 11 attacks, President Bush laid out the challenge posed by terrorism. Al Qaeda and radical Islamists, the President declared, attacked us because "they hate our freedoms, our freedom of religion, freedom

of speech, our freedom to vote and assemble and disagree with each other."

The moral clarity the President expressed nearly 3 years ago has been clouded by the administration's ambiguity over whether the rule of law applied to the prosecution of the war on terrorism or in Iraq. The abuse at Abu Ghraib and the unreviewable and potentially unlimited detention of Americans and others as enemy combatants are incompatible with a Nation born in a struggle against tyranny and caprice.

Last week, three courts in three countries reminded us of what is at stake in the war on terrorism and in our efforts to rebuild Iraq.

In Iraq, Saddam Hussein and the surviving leaders of his government were arraigned for their crimes against the Iraqi people and for crimes against humanity. The sight of the former dictator and his henchmen in a court of law was a glimmer of hope that chaos and bloodshed will one day give way to a better life for Iraq's people.

Here in the United States, the Supreme Court circumscribed the President's power over its own citizens and others when it ordered that Americans and foreigners held as enemy combatants had a right to contest their detention before a neutral arbiter. Expressing confidence that courts would be able to balance individual rights and national security, Justice O'Connor wrote "that a state of war is not a blank check for the President."

Perhaps the most extraordinary assertion of principle was made in Jerusalem by the Israeli Supreme Court, which ordered the government to re-route part of the security fence it is building to prevent Palestinian suicide bombers from infiltrating into Israel. In reaching their decision, the Israeli justices conceded that from a military point of view, the alteration might not make protection against terrorism easier. "This is the destiny of a democracy," the court said. "She does not see all means acceptable, and the ways of her enemies are not always open before her."

The ways of our enemies are not open to us. We do not behead our adversaries on camera for their families to witness in all its gruesome barbarity. Nonetheless, facing greater foes than we face now, we have prevailed and we will prevail again. At root, the rule of law is the source of our strength in war as it is in peace, and the assertion of the rule of law by courts in Iraq, Israel and here at home is a moving reminder of why we fight and also how we must fight to win the America we cherish.

#### RELIGIOUS FREEDOM

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

Mr. JONES of North Carolina. Madam Speaker, I was, like everybody else in the Congress, home during July 4 and enjoyed being back in my district