

two or three percent of its GDP, we in the United States have shown that democracy can go hand-in-hand with fiscal responsibility.

As for middle-class families, middle-class families deserve and need a tax cut. We voted for one in 1997, and I hope to provide targeted tax cuts for middle-class families and be part of providing that today.

As this chart illustrates, middle-class families will benefit just as much or more from a reduction in interest rates as they will from the tax cuts that are being proposed. This chart demonstrates that even with an average-priced home, and they are twice as expensive in my district, the savings is \$1,860 from a fiscally responsible budget.

WITH BIPARTISAN FISCAL RESPONSIBILITY ALL THINGS ARE POSSIBLE

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

Mr. SCARBOROUGH. Mr. Speaker, I must tell the Members that I have been very encouraged by the last two speeches from our Democratic friends talking about the need for fiscal responsibility. I really do believe that despite the fact that the chattering classes on TV every night talk about how this Republican Party is getting brutalized by the polls in the area of public opinion, I have to tell the Members that I am very encouraged, because it appears that we have won the debate. To hear Democrats talking about fiscal responsibility in 1999, talking about the deficit, talking about staying away from tax increases, these are the very things that got me to Washington in 1994.

I remember back in 1993 when the new President, who was elected by promising to reduce the deficit by cutting spending and cutting middle class taxes, came forward and he increased taxes, and actually gave us one of the largest tax increases in the history of this country.

I ran because of that, and I have to tell the Members, when I ran in 1994 I talked about the deficit. I talked about the need of cutting the deficit, cutting spending, reducing the size of Washington, and creating an explosive economy that would lift all boats.

What happened? In 1994 when I came to town we had deficits approaching \$300 billion. Now, of course, we are moving towards a true surplus. In 1994 interest rates were about 3 percent higher. The last gentleman who spoke, who I agreed with, the last gentleman who spoke talked about how in 1997 they came up with a budget plan that would balance the budget by the year 2002.

Actually, I remember when we got here in 1994 and we were sworn in. In early 1995 the chairman of the Committee on the Budget, the gentleman from

Ohio (Mr. JOHN KASICH) invited the Fed chairman Alan Greenspan to come and testify on Capitol Hill about the long-term effects of balancing the budget, under our plan of balancing it by 2002.

Alan Greenspan looked at the gentleman from Ohio (Chairman KASICH) and said, "If you only have the political courage to move forward and balance the budget by 2002, we will see the fastest peacetime economic expansion since the war."

What was the President's response? The President, who now talks about how he is this great fiscal disciplinarian, the President came out in 1995 and said balancing the budget by 2002 would destroy the economy, would wreck all the economic growth that we were fighting for.

I do not say this to say that the Republicans exclusively are responsible for this strong economy, or the fact that we are now playing surplus politics, because really, there is enough credit to go around.

What I am saying is there is a danger of us sitting here today in 1999 and rewriting history. There is a danger that we forget just how hard we had to fight this President, who was willing to veto every appropriation bill, shut down the government, turn around and blame it on us, because he said our plan to balance the budget by 2002 would destroy the economy.

Let me tell the Members, history has shown that we were right, and that, more importantly, Alan Greenspan's prediction in 1995 was correct. At the same time that the President was saying that balancing the budget in 7 years would destroy the economy, the Fed chairman was saying, "Go ahead. Do it. Damn the political torpedoes. Take that opportunity to balance the budget. The markets will respond."

As the last gentleman said, they have responded. Interest rates continue to fall, the stock market continues to explode, and the great news is that unemployment among minorities is dropping to a record low. Unemployment across the country is dropping to record lows. Again, I see this as a very, very positive sign that all the things that we fought for in 1995 were really worth fighting for.

I have to tell the Members, these past two Members who spoke are people who came after 1995 and 1996, and when they team up with other conservative Democrats to join up with those of us that believe the deficit and the long-term debt really is a drag on the economy, I think that all things are possible as we go into this new century. Again, I am very, very encouraged.

IMPORTANT CHOICES: HOW TO USE EMERGING SURPLUSES IN FEDERAL GOVERNMENT FUNDS

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

Mr. DAVIS of Florida. Mr. Speaker, I want to talk today about a very important choice before the Congress and before the United States. It has to do with how we use the surplus that has developed in the social security trust fund, and in the years ahead, the surpluses that will begin to develop elsewhere in the Federal Government if this economy continues to be as healthy as it has been.

I support the President's position that we take the lion's share of this surplus in the social security trust fund and use it to pay down the debt. Those of us who serve on the Committee on the Budget have the job to begin to sort through the fine print on this.

What is becoming clear is what the President has proposed is balanced. What the President has proposed is that as we pay down the debt, we will be protecting social security for the retirement of the baby boomers in the future. We will be protecting Medicare for the future as well.

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The position that we should be taking, the balanced position we should be taking is, if we want additional spending as a Democrat or Republican for education or other programs, we find a place to cut the Federal budget to fund that, but do not use the surplus. Let us pay down the debt first.

If we want to cut taxes, which we should do, find a place in the Federal Government to cut spending to support that tax cut, but do not use the surplus. Use the surplus to pay down the debt. This can be done.

We did it in 1997 with the Balanced Budget Act. We enacted tax cuts of over \$90 billion by cutting spending elsewhere in the Federal Government, not relying upon the lion's share of the surplus. That should go into paying down the Federal debt.

Let me talk about the very important fact of how this benefits all of us at home. As we begin to pay down the debt, we will continue to enjoy a very healthy economy.

Alan Greenspan who has testified before the House Committee on the Budget has made it clear that, as the Federal Government borrows less and less, as more and more money is available in the private sector, interest rates will go down. Interest rates could go down as much as two additional points if we continue our course of fiscal responsibility and do as the President has advocated, use the lion's share of the surplus in the Social Security Trust Fund to pay down the debt.

What does that mean to us as the consumers? Look at the average mortgage, about \$115,000 in many parts of the country. One is paying \$844 every month on one's mortgage to keep one's home. If interest rates go down two additional points, that could mean a drop in one's monthly mortgage payment to \$689. That is \$155 in one's pocket that one did not have beforehand. One did not have to call one's accountant to

figure out how to use the tax code to take that savings. It is money in one's pocket every month.

That is what low interest rates are about. That is what it is about when we talk about using the lion's share of the surplus in the Social Security Trust Fund to pay down the debt.

Let me give my colleagues another example. Many children and adults in this country have student loans. As interest rates drop in response to us paying down the Federal debt, it will have a positive impact on people that are working so very desperately to repay their student loans.

In many parts of the country, the average student loan rate is about 8¼ percent and a balance of about \$35,000. There are a lot of students and former students in this country that owe a lot of money to the Federal Government. If interest rates continue to decline as we pay down the debt, one can see as much as a \$385 drop per month in student loans. That is money in one's pocket. That is better than most of the tax cuts one will hear advocated up here.

We are doing it in a way that is responsible. We are paying down the Federal debt. We are protecting Medicare. We are protecting Social Security by doing the same thing that each of us does at home, which is try to keep our checkbook in order.

So I support the President's position that we use the lion's share of the surplus in the Social Security Trust Fund to pay down the debt. It is the right thing to do. It is good for Social Security. It is good for Medicare. It will help consumers at home. It will lower interest rates.

MAKE 1999 THE YEAR OF THE TROOPS

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

Mr. SKELTON. Mr. Speaker, under the Constitution, the Congress of the United States is responsible for the national security of our country. The first priority for 1999 should be to make this the year of the troops.

The service chiefs several days ago testified before the Committee on Armed Services on which I serve that their troops are the most important part of the military that is in need. Problems are there that must be addressed.

The first problem is that of retention, retaining the capable and bright young people in our military forces, whether it be the Army, Navy, Marines, or Air Force. We are having trouble retaining mid-career officers. We are having trouble retaining non-commissioned officers and those with critical skills, pilots, airplane mechanics, those that are skilled with computers and information systems.

Another problem is that of recruiting, causing young people to want to

join the services. All four of the services are having difficulty with recruiting. All of the services, with exception of the Marine Corps are not meeting their goals.

The Army will have a shortfall of some 3,000, maybe even as high as 6,000 people in their recruiting goals. The Navy could be as many as 4,000 short. The Air Force plans to buy television ads for the first time. If retention and recruiting are not improved, the services will be unable to make the end strengths, that is the numbers that are allocated by law, which by the way are already too low.

For example, the Army ended 1998, fiscal year, approximately 4,000 people under strength. All of this leads to a readiness problem, whether the forces are ready to perform their job at the highest level that the American people expect of them. The readiness problem deals with the services, high operations Tempo, and a shortage of spare parts that contribute to the reduction in this readiness.

In addition, the operational Tempo, that is being gone so much, puts a strain on families; and the spare parts shortage adds to job dissatisfaction. Both in turn contribute to the problems of recruiting and retention.

The Department of Defense proposal for military pay retirement is a good first step. I compliment the Secretary of Defense and those that have studied this issue on that initiative.

There is a pay triad that has three aspects that we need to look at regarding paying the young people who serve and those who serve for a career. First is the across-the-board pay increase for all service members, 4.4 percent, effective January 1 of the year 2000, with additional raises programed for the year 2001 and 2005.

The second part of this triad is the pay table reform, additional raises to better reward performance by compensating service members for skills and education and years of experience.

Then there is the reform of the retirement system, a return to the 20-year retirement to 50 percent of the basic pay.

Congress can do these things, but we can and, frankly, we should do more. It was General Hughes Shelton, the chairman of the Joint Chiefs of Staff, who testified several days ago and said, "You can't pay our troops too much, but you can pay them too little."

We should consider a Military Thrift Savings Plan— which many corporations afford their employees. We need to take better care of the families by better family housing and improving their medical care, making sure that TriCare works the way we intend it to work, make sure that they have better barracks for those who are single and do not have families.

We should ensure that the people in the military do not get left behind in the booming economy that we have, or else they tend to leave the military behind.

We have a highly capable military force, I think the finest our Nation has ever had. But the key, of course, is the people, qualified, motivated, intelligent, hardworking people of whom we are so proud.

We need to keep and attract quality people, to train them, and ensure that their morale remains high. It will require a multiyear effort. Mr. Speaker, we should begin that effort now by making the year 1999 the year of the troops.

USE SURPLUS TO PAY DOWN NATIONAL DEBT

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

Mr. DOOLEY of California. Mr. Speaker, this year marked a real turning part in the recent history of our country as this was the first year in over a couple decades that we actually could no longer talk about our country running a deficit but actually talk about our country running a surplus.

When I first was elected to Congress over 8 years ago, we were talking about budget deficits that were approaching \$290 billion a year. Today, this year, because of the great leadership of President Clinton and Republicans as well as Democrats in Congress, we have made the tough choices that have put us on the path of greater fiscal responsibility.

This year in Congress, we are once again going to be called upon to make some tough choices about how should we proceed in terms of making decisions to ensure that we maintain a path of fiscal responsibility.

I am here to argue that it is the interest of our families, it is in the interest of our children that we commit ourselves to paying down the national debt, that we support President Clinton's decision to use these surplus dollars that we are going to be generating over the next 15 years to try to pay off the \$3.7 trillion in national debt that have accumulated over the last 20 years.

It does not matter if we are a supporter of defense or if we are a supporter of education. It is in all of our interest to pay down the national debt. The reason for that is very simple to understand. When we look at how the government spends every tax dollar that we receive, I think half of us would be surprised when we identify that the third largest expenditure of the Federal Government is on interest on the national debt. Fourteen cents of every tax dollar collected is going to pay interest on the national debt. By comparison, we are only spending \$55 billion on education or 3 cents on every dollar.

So the decision by the President and many of us in the Democratic Party to commit ourselves to paying down the national debt, what it means in effect is that we are going to reduce this \$243