

During research for *The New Jackals* Reeve has eaten ice cream sorbet with Benazir Bhutto, spent hours sitting in a stairwell on a London housing estate waiting for a former Lebanese smuggler, met American intelligence officials in a suburban burger bar and a Chinese restaurant, and been followed by agents from two different countries during meetings with a renegade spy.

Ramzi Yousef, Osama bin Laden and the "Afghan Arabs" have "dominated international terrorism as it relates to the United States and Europe [in the 1990s]. At the international level the only terrorist apparatus that the United States has had to deal with over the past several years has been Osama bin Laden and before that Ramzi Yousef." Oliver "Buck" Revell, former Deputy Director of the FBI.

"Ramzi Yousef is an evil genius." Senior Pakistani intelligence officer.

"Yousef was a pretty unique person. He liked the bar scene, he liked women, he liked moving around. Yousef was very good. He was well trained, very clever. He'll certainly be ranked right up there with the all-timers. Even to this day, he is a very shadowy figure that we really don't know that much about, even after all that's been done and all that's been investigated on him." Neil Herman, the FBI Supervisory Special Agent who led the New York Joint Terrorist Task Force during the hunt for Yousef.

"Yes, I am a terrorist, and I'm proud of it." Ramzi Yousef.

"In the past, we were fighting terrorists with an organisational structure and some attainable goal like land or the release of political prisoners. But Ramzi Yousef is the new breed, who are more difficult and hazardous. They want nothing less than the overthrow of the West, and since that's not going to happen, they just want to punish—the more casualties the better." Oliver "Buck" Revell, former Deputy Director of the FBI.

"He's a cold-blooded terrorist. He doesn't care who he kills. He may be the most dangerous man in the world." Superintendent Samuel Pagdilao of the Philippines National Defense Police describing Yousef.

"One man said to me 'remember there will only be those who believe and those who will die. There will only be the dead and the believers.'" Benazir Bhutto, former Prime Minister of Pakistan.

"If Russia can be destroyed, the United States can also be beheaded." Osama bin Laden.

"In my personal view [Osama bin Laden] is very much interested in obtaining weapons of mass destruction and he has the money to pay for them. It's certainly a credible threat." Peter Probst, Pentagon terrorism expert.

"We don't consider it a crime if we tried to have nuclear, chemical, biological weapons. If I have indeed acquired these weapons, then I thank God for enabling me to do so." Osama bin Laden.

"Terrorism is changing. We expect biological attacks in the future." Marvin Cetron, author of the Pentagon's secret Terror 2000 investigation.

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"THE NEW JACKALS" BY SIMON REEVE

AL QAEDA

Perhaps most crucially, bin Laden cannily invested in Gum Arabic Company Limited, a Khartoum-based firm which has a virtual monopoly over most of Sudan's exports of gum Arabic, which in turn comprises around 80 per cent of the world's supply. Gum Arabic comes from the sap of the Sudanese acacia tree. A colourless, tasteless gum, it makes newspaper ink stick to printing presses,

keeps ingredients in drinks from settling at the bottom of a can, and forms a film around sweets and medical pills, keeping them fresh. It is a crucial ingredient in dozens of products Western consumers use every day, and within two years in arriving in Sudan, bin Laden is believed to have secured an effective monopoly over the entire Sudanese output.

Even now the State Department in Washington and analysts at the CIA remain unsure whether bin Laden is still profiting from his investment. Thirty per cent of the shares in Gum Arabic Company Limited are held by the Sudanese government, who may or may not be siphoning profits into bin Laden accounts. The other 70 per cent is held by individual shareholders and banks, any or all of whom may be acting as fronts for bin Laden. It is still possible that every time someone buys an American soft drink they are helping to fill Osama bin Laden's coffers.

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August 11, 2000.

Hon. FRANK R. WOLF,  
U.S. House of Representatives,  
Washington, DC.

DEAR CONGRESSMAN WOLF: Thank you for your recent letter expressing your concern about Section 1439 of H.R. 4868. The humanitarian situation in Sudan is a tragic one, and every effort should be made to bring an end to the unnecessary suffering of the Sudanese people.

The Administration agrees with you that the sanctions on the government of Sudan's exportation of gum arabic should not be lifted. The government of Sudan has not made progress in rectifying the human rights abuses for which those sanctions were imposed, and we should not consider permanently lifting sanctions until satisfactory progress has been made.

The crisis in the Sudan is an important issue to me. I recently shared my concerns with Secretary General Annan, and requested that he and his staff continue to work to ensure that humanitarian organizations like Operation Lifeline Sudan are able to effectively carry out their desperately-needed work.

I share your hope for and commitment to an end to this humanitarian disaster.

Sincerely,

RICHARD C. HOLBROOKE.

#### 100TH ANNIVERSARY OF GALVESTON HURRICANE

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

Mr. LAMPSON. Mr. Speaker, today I introduced a concurrent resolution in memory of the 100th anniversary of the devastating hurricane which struck Galveston, Texas, on September 8, 1900. The residents of Galveston showed great courage and sacrifice during that terrible storm, and I thought it was important for Congress to recognize that that same spirit is still present in the people who live there today; and I wanted to join them as they honor the memories of those who lost their lives on that historic day 100 years ago.

In an era without radar, satellites or modern radio, the island of Galveston was quickly overtaken by vast waves, surging flood waters and powerful winds of more than 120 miles per hour. The hurricane that struck Galveston is the deadliest natural disaster in the

history of the United States of America. It is estimated that more than 6,000 people lost their lives in a matter of a few hours. Prior to the storm, Galveston was a thriving port community of 37,000 people and was dubbed the Wall Street of the West.

Stories from the survivors of the storm are filled with displays of courage and self-sacrifice in the face of grave danger. One of the most famous is the one about the nuns who ran the orphanage. As the winds and storm tides got higher, it became obvious that the last building would collapse. The nuns tied the children to themselves with clothesline, eight or nine kids to each nun, in a sad, brave effort to try to save them. Three little boys survived the night by camping in a tree. All the rest died.

Galveston never lost that resilient spirit and went on to build a 17-foot seawall that staved off other fierce hurricanes. The city also pumped in millions of tons of sand from the Gulf of Mexico in order to raise the level of the city and its buildings to a safer height.

This weekend, Galveston will be holding a ceremony commemorating the hurricane, honoring the memories of those who died, launching education efforts, and celebrating the rebirth of Galveston after the storm. My resolution extends those efforts to our Nation's Capital and to all the people of the United States. We should honor those who died in the storm and use the anniversary to continue improving hurricane forecasting and to make life safer and more secure along our coasts.

My resolution recognizes the historical significance of the 100th anniversary of the hurricane, it remembers the victims, and it urges the President to issue a proclamation in memory of the thousands of Galvestonians who lost their lives and the survivors who rebuilt the city.

□ 1745

#### FEDERAL BUDGET

The SPEAKER pro tempore (Mr. LAHOOD). Under the Speaker's announced policy of January 6, 1999, the gentleman from Texas (Mr. STENHOLM) is recognized for 60 minutes as the designee of the minority leader.

Mr. STENHOLM. Mr. Speaker, I want to thank those making this period of time available today to further the discussion of the bill that was vetoed and then sustained earlier today.

I would gather that anyone listening to the debate today was rather confused about what was in the bills or what was not in the bills or what the effect would be. But to do this, to set the stage for this, I think it is important for us to go back and to review the budget debates earlier this year.

And I want to speak on behalf again of the Blue Dog budget, the Blue Dog Coalition, that proposed a budget that got 171 votes, a majority of the Democrats, and 33 Republicans, joined with

us when we were debating. And we thought this year's budget debates should be built around a framework that would put our government on a path of retiring and entirely eliminating our public debt by 2010. We thought it was important to save 100 percent of the Social Security and Medicare surpluses. And we thought it important to allow a net tax cut, net tax cut of \$387 billion over 10 years targeted to small businesses and middle-income families and make investments in priority programs of \$387 billion over the same 10-year period.

That became known as the 50/25/25 plan, taking any non-Social Security surpluses and taking 50 percent of that to pay down the debt. Because I have found in my district at home, and I notice the polls bear this out, that the American people by and large, by 70 percent plus, want to see the Congress fix Social Security for the future, because every one knows that beginning in 2010 we are going to have some difficult times delivering on our promises of Social Security particularly at the exact same time that the baby boomers will be retiring. No one disputes that.

We felt like that that was important, but the majority party felt like the most important thing that they could do this year was to deliver a 1.3, 1.6, pick the number, \$1 trillion tax cut of which every one agrees that many of those components are very, very, very popular.

But the Blue Dogs have said first off when we hear people talk about the \$4.6 trillion surplus, we know, and I hope the majority of the American people will soon know, those are projected surpluses.

My colleague will hear in a moment from the gentleman from Mississippi (Mr. TAYLOR), in which he will show there are no surpluses, and he will be right, 100 percent right.

When we disregard the trust funds, not only the Social Security, but Medicare and military and civil service retirement and now railroad retirement, there are no surpluses, but yet we keep hearing this. And then we hear the rhetoric that says \$4.6 trillion, it is your money, and we are going to return a part of it to you.

This kind of prompted me to say that even young school children know to complete the phase I swear to tell the truth, the whole truth and nothing but the truth. As common as that phrase is, we sometimes forget that. In the courthouse, it is rather important. I would wish that it was also important here in the U.S. House, because just this afternoon, as we have heard many times, the truth is, yes, the marriage tax penalty is unfair and in many cases two married individuals currently are taxed at a higher rate than they would be had they remained single, and that is not fair.

It is true that family farms and ranchers and other small businesses sometimes have a difficult time paying the current death tax, that is true.

But then let us talk about the whole truth and nothing but the truth. Yes, the \$4.6 trillion that we hear so much about, most of us understand and I hope the American people will soon understand, those are projected surpluses, not a single American family tonight will go out and spend projected income without a risk.

If we get an extra bonus of \$5,000 and we owe our bank \$10,000, we do not go out and spend it on a vacation, unless we are willing to take a chance on digging our family into a deeper hole. Why should our country be different?

That was the argument that many of us were making this afternoon as pertained to the so-called death tax. I personally feel very strongly that the bill the President vetoed should have been vetoed. In fact, I personally recommended that he do veto the bill, and here is why.

When we look at the effect of a bill that is phased in, in 2010, 10 short years from today, that creates a hole in our budget of \$50 billion that will expand over the next 10 years to \$750 billion, without a plan of how we are going to be dealing with that or just passing on to future Congresses, really, we are passing it on to our grandchildren.

It seemed to me that the first bill that ought to have come to the floor of the House should have been a Social Security reform bill. That should have been the first bill, followed quickly by the Medicare and Medicaid reform bill.

Back home I have numerous hospitals that, unless we put together a balanced budget fix again this year, we will have to close their doors, and this is no exaggeration. Now, to those that talk about spending, if we do not wish to spend some additional money to keep rural hospitals and inner-city hospitals open, that is a fair position for anyone to take, and we will have that discussion. But that is the one we ought to have first, how do we provide for the minimal needs?

As we heard the gentlewoman from Michigan talking about the pharmaceutical bill needs, all that is well established, but yet today we had a bill, the first one to be vetoed. And now I hope the message is sunk in to the leadership of the House, that the next bill also will be vetoed and will be sustained, because I suspect now that most people are beginning to see that the Blue Dogs might have had something right when they said let us not spend projected surpluses, let us use this opportunity in case these surpluses are real, let us pay down our debt.

Let us not forget the \$5.6 trillion that we still owe, \$700 billion now which I was corrected earlier, because contrary to the rhetoric in this body, our debt is going up, not down. We are paying down publicly-held debt, which is good, but we are increasing the debt to our trust funds, which eventually will have to be paid.

Let us not forget so easily as is so often done, and again this afternoon,

let us not forget that we have an unfunded liability in the Social Security trust fund as of today of \$7.9 trillion which is going to have to be paid off. And that is why the Blue Dogs in our budget with the 50/25/25 of saying put maximum interest on paying down the debt, and let us equally divide increased spending on priority areas, and those are defense, veterans, education, health care and agriculture, that is it. Then let us deal with tax cuts.

And that is where, before I yield to my friend, the gentleman from Mississippi, (Mr. TAYLOR), I would make this point again, we would have thought this afternoon that the bill that was vetoed and then sustained was going to do great things for small businesses immediately.

Well, if we listen carefully, we will understand that the reductions in the tax rate on estates under the death tax would not take effect until 2010. The bill that I supported, continue to support and believe that if we can somehow revive some bipartisan action in this action, I believe we can put together a tax component as it pertains to death taxes that would, in fact, repeal all death taxes on all estates up to \$4 million immediately, effective January 1, 2001, to those family farms that I heard, and I have numerous of those in my own district.

I want to make it very clear, unless your estate is more than \$4 million the Democratic substitute that I and others and I hope will revive itself now that this one has been vetoed, that we can in fact have a \$4 trillion exemption so no business, no individual family will ever have to worry about the death tax now.

Now, the argument will be why do we not eliminate it just for everybody. Show me how we are going to fix the Social Security program. Show me how we are going to deal with these surpluses that are not real, which my friend, the gentleman from Mississippi (Mr. TAYLOR) will be showing absolutely that we are talking in terms of fictitious numbers. Show me how we are going to deal with the Social Security, Medicare and Medicaid problems, then let us come and have an honest, open debate about how far we go on estate taxes.

I think a \$4 million exemption effective January 1 beats the heck out of an estate tax phased out in 2010. My colleague, the gentleman from North Dakota (Mr. POMEROY) showed so eloquently earlier today the exact numbers of what we are talking about, and I think once that is understood and folks will get back off of the budget plans that are now showing are going nowhere, that we can come together, we can emphasize what the American people want, and that is pay down the debt, take care of Social Security, so it will be as good for our children and grandchildren as it is for those on it today. Take care of Medicare and Medicaid and pharmaceutical drug needs. Be prudent. Debate your spending, hold

the spending down as much as you possibly can in a bipartisan way.

And with those opening comments, I yield to the gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR of Mississippi. Mr. Speaker, I want to thank my friend and colleague, the gentleman from Texas (Mr. STENHOLM). You know, I represent a district that is very, very heavily promilitary, overly blessed in military bases. We have about 14,000 military retirees and a much higher percentage of overall citizens who have served in the Armed Forces than we think the typical congressional district has.

I guess because of that, I take particular offense at the thought that for 2 years of the past 3 years, the Veterans Administration budget was frozen, not one penny increase. Despite the fact that we have now about 1,300 World War II veterans a day dying, they are getting to that point in their lives where they need help the most. For a typical American, 90 percent of all health care costs that any of us will incur will occur in the last 6 weeks of our lives. So the last 6 weeks of their lives is very sadly coming due for many of our World War II veterans and the VA budget for the past 2 years was frozen because the majority party said there is not any money to give to them.

This month, this month on September 29, the troops would normally have been paid, there are over a million people who serve in the Army, Navy, Air Force, Marines who are out there in dangerous places like Korea in Kosovo right now or in places like Colombia right now who are flying planes right now, under the sea right now, normally they would get paid on September 29, that is not going to happen this year. They are going to get paid on October 1.

The reason for that is so that pay period of over a billion dollars will not be reflected on this fiscal year, it will be shifted to next fiscal year. For a Congressman like myself or a high-ranking government official who makes good money, that is no big deal, delaying our pay for a couple of days. As a matter of fact, though, our pay is not going to get paid. All the congressional staffers will get paid at the end of September. In fact, the only people in the entire United States Government whose pay is going to be delayed are the guys who earn it and deserve it the most.

And so for a young enlistee on fixed income who is counting on that paycheck on Friday to buy Pampers and formula for his kids, he is not going to get paid until Monday, because it is one of the gimmicks once again from the folks who say we needed that money.

The last year the Democrats ran the House was 1994. In 1994, there were 404 ships in the United States Navy. Today as I speak, there are 315 ships in the United States Navy. That is a drop of

89 ships since the Republicans, who pledged for a strong national defense took over, because they will not give them the money to build the ships or maintain the fleet, again, they say, because we do not have the money.

The fleet is now the smallest it has been since 1933 when it was 311 ships. They say because we do not have the money, so you can imagine my surprise and a great many American's surprise when lo and behold they are suddenly saying we have this huge surplus, after telling the veterans wait your turn, after telling the active duty military wait your turn, after telling the United States Navy wait your turn, we have a big budget surplus, and to keep the guys in Washington, whoever they are, since they are in the majority, from spending it, we have to give it away in tax breaks and let us start with the wealthiest 2 percent of all Americans, the ones who do pay the estate taxes.

There is one small problem with the allegedly budget surplus. It does not exist.

□ 1800

As a matter of fact, if you take the time to read these numbers, you will realize about the only two things accurate in the words "budget surplus" are the letters "BS."

Those of you who have home computers, I would encourage you to take a look at 3 p.m. eastern time on the fourth workday of every month on [www.publicdebt.treas.gov](http://www.publicdebt.treas.gov). This is a publishing of the public debt. One of the things our colleagues will tell you is not only do we have this great big surplus, but we are paying down the debt. If that were true, it would be wonderful. Unfortunately, it is not.

The total debt outstanding as of June 30, 1 year ago, was \$5 trillion, and a trillion is a thousand billion, 638 billion, and a billion is a thousand million, 780 million. One year later, on June 30 of the Year 2000, it has grown by over \$40 billion, to \$5,685,938,000,000.

It has grown. It has grown by \$40 billion. So despite the talk that they can afford to give away the \$50 billion a year that the estate tax repeal would cost the Treasury of the United States, there is no surplus. The debt is not shrinking, it is growing.

Who owns that debt? Let us remember that a third of all the national debt is owned by foreign lending institutions. So if the Japanese or German lending institutions that own our debt demand that it be paid off, think about the economic chaos in America.

One of the things that I would hope the American people would take the time to look at is that there is a surplus in what is called the trust funds. The trust funds are taxes that are collected for a specific purpose and are supposed to be set aside just for that purpose.

If you look on your pay stub, there is something called FICA. That is just Social Security taxes. It is collected from you, it is collected from your em-

ployer, and it is supposed to be set aside to pay your Social Security benefits when that time comes. There is a Medicare Trust Fund, taxes collected from you, set aside to help with your health care costs when that time comes.

If you served in the military, there is a military retiree trust fund to pay your benefits when you retire. There is a trust fund for the Highway Department. Again, taxes when you buy your gasoline, those taxes are supposed to be set aside and used for nothing but paying the trust fund.

Unfortunately, if you take the time to look at the report that I just told you about, you will see that ending in the month of June, the Nation in that fiscal year had already taken \$11 billion out of the trust funds just to meet annual operating expenses. That number grew to \$12.967 billion in the month of July.

So my question to my colleagues who say that we can afford to lose \$50 billion a year in revenue on the estate tax is whose trust fund are you going to steal it from? And they have yet to answer that question. If they are not going to borrow it, then they have got to steal it from a trust fund in order to pay that bill.

Are they going to steal it from the Social Security trust fund? Are they going to steal it from Medicare part A, which pays the hospital costs of senior citizens? Are they going to steal it from Medicare part B, which pays the physicians' costs? Are they going to pay it from the Social Security disability fund, for people who through some tragic accident can no longer work and need a little help until they reach the age of 65? Or are they going to steal it from the military retiree trust fund, people who have given their whole lives to defending our country, who have set aside a portion of their paychecks so they can count on that check for the rest of their lives? Who are they going to steal it from?

As I told you, the debt is growing, and the best analogy that I can use as far as those folks who say we have this big surplus, not only is the debt growing, but it has grown enormously in our lifetimes. Most Americans think that maybe this generation did our per capita share of the total debt. Wrong.

In 1980, this Nation was less than \$1 trillion in debt. Right now it is \$5.7 trillion in debt. Almost all of the debt has occurred in our lifetimes. So I ask my colleagues who are adamant about huge spending increases or adamant about huge tax decreases, why would you as a Nation burden your children with that debt? Can you name one single responsible individual who says I am going to go buy a whole bunch of stuff, I am going to have a whole lot of fun, and I am going to stick my kids with that bill? And, by the way, I am going to deplete the military while I am at it, I am not going to build any ships to defend us, I am going to short-change the guys in uniform, and by the

way, we might even take a little money out of the militarily trust fund. That is their solution for America. I think their solution is wrong.

I had an opportunity to give this talk to someone who really would benefit from this. He happens to be a banker in Mississippi. He happens to be the majority stockholder of the biggest bank in Mississippi. He had written me saying, you know, I worked on all of my life, I scrimped and saved, and I know the man and know it to be true, and I would like to leave as much of this as I can to my kids. I do not want to pay an estate tax.

I explained to him that our Nation is squandering \$1 billion a day on interest on the national debt, we did it yesterday, we did it the day before, we will do it tomorrow and do it every day for the rest of our lives until we pay off the national debt. He is a banker. He understands interest. At the end of our conversation, he said, "Gene, you did the right thing."

I would hope that other Americans will take the time to look at these reports, because, unfortunately, the Washington Post will not tell you, the New York Times will not tell you. I have actually seen economists in nationwide publications saying there is so much money they are going to pay off the debt in 2 years. None of them have bothered to read the only reports that count, and that is the reports from the U.S. Public Debt, the reports from the U.S. Treasury, and they will show convincingly there is no surplus.

So if we care about our country as much as we say we do, if we care enough to let our kids serve in the military, if we care enough to reward those veterans who served us so well in places like World War II, in Vietnam and Korea, if you think the sacrifices that they made are worth preserving, then why would we bankrupt our country now? And not for the least fortunate Americans, but for the sake of the most fortunate Americans? It makes no sense whatsoever.

So I want to thank the gentleman from Texas (Mr. STENHOLM) for this opportunity, and again I want to encourage every American to look up this site, [www.publicdebt.treas.gov](http://www.publicdebt.treas.gov). If you have any doubt whatsoever as to the accuracy of these figures, you may get them for yourself. I encourage every American who has a computer to take the time and look, because it is frightening; and we as a Nation are truly in the position of a guy who cannot pay his debts, who for 200 years has not paid his debt, and is now going to the banker and saying, Can I just pay some interest? That is what we are doing as a Nation.

There is no surplus. It is time to pay off the debt and quit sticking our kids with our bills.

Mr. STENHOLM. Mr. Speaker, I thank my friend from Mississippi for his contribution and would remind my colleagues, Mr. Speaker, that this is the left side of the aisle speaking.

These are the same voices that have been encouraging the current majority to take a look at these surpluses that everyone talks about and deal with them as they are.

What the gentleman has just stated is a fact. It is not made up. The only response we sometimes hear from them is "you Democrats were in charge for 40 years and you did it, so we are going to do it too." Well, that really does not make sense. I do not think the majority of the American people want us to continue making the same mistakes that others have made. That is why we in the Blue Dog Coalition have said all year, let us be fiscally responsible with our tax cuts and let us be fiscally responsible with any additional spending. Let us seek out a bipartisan agreement on all of the above.

Again, that is why I want to, before I yield to my friend from East Texas (Mr. TURNER), I want to again reiterate today's vote on the death tax. Most of us who opposed it and supported the President did so because we believe there is a better alternative.

I would hope that now that the veto has been sustained and that the people will begin asking the question, what next, we will take a look at the Democratic alternative. Maybe it is not perfect, and I would be the first one to say it is not perfect. If it can be improved, let us work in a bipartisan way to improve it. To do what? To eliminate the unfair punitive penalties that occur on small businesses when the death of parents occurs.

We agree to that. Our proposal was that we ought to exempt \$4 million estates. Now, back home where I come from, those are not small businesses. But in the big picture they are small businesses. When you start picking a number, it is always difficult to do.

Where is the \$4 million coming from? It is something that would cost \$22 billion over the next 10 years, rather than \$105 billion. And the \$4 million figure as proposed and supported by many of us on our side of the aisle would be signed by the President. In fact, I would not be surprised if it could not be improved.

I keep hearing some say why not go to a \$4 million exemption, and then tax all estates over and above that at the capital gains tax rate?

I am for that, Mr. Speaker. I think that makes eminent good sense. I would like to see CBO and OMB seriously look at that and see if that would not be a better proposal.

But the bill that was vetoed just cut it off in 2010. The Democratic substitute that I worked so hard on said let us not cut it off at 2010; let us continue the same cost into the next 10 years, at least until we fix Social Security for our children and grandchildren. That is why I have become such a bull dog on all programs, including the one that we just passed overwhelmingly, the Railroad Retirement Act that passed overwhelmingly awhile ago.

I have no doubt it is a good bill. I was contacted by many of my constituents

saying support it. A lot of it I could support. But the cost, getting into Social Security, reducing the retirement age precisely at the time that we are increasing the retirement age on Social Security, under current law, from 65 to 67, that is currently going on, I had some questions. I really questioned us taking out of context various bills, even the good ones, even those which I may in the end say I voted wrong today.

But until we can put into context how we are going to deal with these non-surpluses, as we now have heard from the gentleman from Mississippi (Mr. TAYLOR), I really think we have to question what is fiscally responsible and what is not, and remind again when you hear about trust funds, when you hear about surpluses, they are projected. None of this is real. Most families do not spend projected surpluses without getting in trouble if they do not occur.

Mr. Speaker, I am happy to yield to the gentleman from Texas (Mr. TURNER).

Mr. TURNER. Mr. Speaker, I thank the gentleman for yielding. I want to thank the gentleman in particular for his hard work that he has exhibited throughout his years in Congress to try to bring fiscal responsibility to the Federal Government.

Just last year for the first time we had a surplus in the annual Federal budget. We had not had one they tell me for 30 years. I think it is very important as all of this talk is being kicked around about the surplus, the anticipated surplus, that we not waiver in our commitment to try to continue to have annual Federal surpluses so we can pay down our Federal debt.

It may very well be, as the gentleman from Mississippi (Mr. TAYLOR) said, there may not really be a surplus. People talk a lot about the anticipated surplus; but it is not here yet, and it may not be here.

We all have been told by the Congressional Budget Office that the non-Social Security, non-Medicare Trust Fund surplus totals about \$2.2 trillion over the next 10 years. That is an estimate. It may or may not arrive. But we also are told that that estimate of the surplus is based on a lot of assumptions. It is based on the assumption that Federal spending will not increase, even though we know the population of this country keeps growing and placing increased demand on the Federal Government.

We also know that if we reduce the assumption in the budget estimate of economic growth by only one half of 1 percent, that 25 percent of that surplus just disappears. A one-half of 1 percent adjustment in annual growth over 10 years means \$500 billion of the estimated \$2 trillion surplus disappears.

So I think it is important for us to talk tonight about the importance of staying on course for fiscal responsibility, and I was very proud that Vice President GORE and Mr. LIEBERMAN

proposed a budget surplus reserve fund, to make sure that if all those rosy estimates of the surplus turn out not to be true, that we will not put this country back into deficits.

□ 1815

A fellow in overalls probably made the point better than I will tonight at a town meeting I had in my district. After all my efforts to explain all this complicated talk about Federal budget surplus estimates and the national debt, he raised his hand and he says, Congressman, how can you folks in Washington talk about a surplus when you have a national debt of over \$5 trillion? Well, that stumped me for a minute, because I guess that is true. Only in Washington can people claim to have a surplus when we have a \$5 trillion debt at the same time.

Back when we got the revised estimate of the anticipated surplus that is supposed to arrive over the next 10 years of \$2.2 trillion from our Congressional Budget Office, that very day the national debt stood at \$5.6 trillion. Yes, only in Washington can people say we have a surplus when we owe \$5.6 trillion.

So before we let the politicians squander our future anticipated surplus with new spending programs or irresponsible tax cuts that primarily are aimed at the wealthiest Americans, let us set up a simple and reliable budget framework that we can all play by.

The Blue Dog Democrats, the conservative Democrats in this Congress, have always advocated a very simple plan for the use of any anticipated surplus that may arrive over the next 10 years. We say, let us dedicate 50 percent of us to paying down the national debt. Let us use 25 percent of it for commonsense tax cuts that are aimed at people who really need a tax break. Let us use 25 percent of any anticipated surplus to be sure that we save social security and Medicare for the next generation.

That is a sensible plan, a sound plan, and any time I have had the opportunity to talk about it to the people of my district, they say it is a good plan that we ought to follow. Our national debt works a lot like our credit cards. When the United States runs up a big debt that we do not pay off, then we have to pay interest. The debt keeps growing, and so do the interest payments.

The interest today is eating away at our budget. We spent last year almost as much on interest on our national debt as we spent on the entire defense budget, which is the largest category of spending in the Federal budget.

If we use half of our surplus to pay down the national debt, we can pay it off entirely in 10 years. There is still room after that to afford other national priorities like commonsense tax cuts, social security reinforcement, and to save the Medicare program for the future.

But it seems that here in Washington, in order to issue a good press

release about how big a tax cut we are for, the majority in this Congress has insisted on applying the bulk of any anticipated surplus to tax cuts. In fact, if we total up all the tax cuts that have passed through one House or the other in this Congress, they total almost \$1 trillion.

President Bush has proposed \$1.3 to \$1.6 trillion in tax cuts over the next 10 years. It is hard for me to see how they could devote 80 to 90 percent of any anticipated surplus that may not even show up to tax cuts, and then tell the American people that they are going to pay off the national debt. The truth of the matter is that we cannot do it.

Under those almost \$1 trillion in tax cuts, we find that they were targeted at the wealthiest Americans. In fact, an analysis that I looked at just the other day said that 50 percent of the tax cuts in that Republican plan, that \$1 trillion, almost, in tax cuts, would go to the wealthy families of our country who make over \$130,000, the top 5 percent of American families, while on the other hand, middle-income families making under \$40,000 would get less than 10 percent of those tax cuts.

Stated another way, it means that a middle-income family earning \$50,700 a year would get a tax break under the Republican plan of \$323 a year, less than \$1 a day, while the wealthy family earning \$329,000 a year would save \$6,408 in their tax obligation. That is simply not fair.

Yes, all Americans need tax relief, but those who have benefited the most from the prosperity that we have enjoyed should not receive the largest percentage of income savings. We need to get our financial house in order and our debt paid off before we give Bill Gates and Ross Perot a multi-billion dollar tax break.

Let me make it clear, I am a strong supporter of tax cuts for working families. The Democrats in this Congress have voted for tax cuts for American families. They have voted for a less expensive version of the estate tax repeal that would repeal the estate tax for 95 percent of the American people who currently would be obligated to pay one, and keep in mind, only 2 percent of American families even pay the estate tax today.

The Democrats also advocated getting rid of the marriage penalty, and voted on the floor of this House to do so, but the Republicans wanted to be sure they had a sweeter deal and they proposed a tax cut that not only eliminated the marriage penalty, but gave tax relief to those who actually get a marriage bonus.

As I say, if we look at all the tax cuts that the Republican majority has passed on either the floor of this House or the Senate totalling almost \$1 trillion, what we find is that the wealthiest Americans benefit the most, leaving the crumbs to average working families.

It is the hard work of every American taxpayer that is fueling our sur-

plus. As I have heard said often in the presidential campaign, American families need tax relief, and they do. Both candidates agree. But the truth of it, to say that the surplus is not the government's money, it is the people's money, misses the point, because the people of the country also, unfortunately, owe almost \$6 trillion in debt.

So let us be sure that when we talk about tax cuts, that we are talking about responsible tax cuts aimed at middle-income Americans who need the tax relief, and let us also be sure that we do not make those tax cuts so big that we fail to deal with the national debt, which is approaching \$6 trillion.

The truth is, the best tax cut that the American people can get is to pay down the national debt. Let me say that again. The best tax cut that the American people can get is to pay down the national debt.

Members may say, why is that so? Economists uniformly agree that if we pay down the national debt, it gets the government out of the business of borrowing money in the credit market. If we reduce the demand for credit, the effect across-the-board is to lower interest rates: less demand from borrowed money, lowered interest rates.

So what we can do is pay down the national debt, and by doing so, give the American people something even better than tax relief.

The Council of Economic Advisors reports that paying down the debt over the next 10 years will save American families \$250 billion in home mortgage payments alone, \$250 billion. A 2 percent reduction in interest rates would save a family paying a \$100,000 mortgage \$2,000 a year.

Keep in mind, even the gigantic, irresponsible Republican tax cut plan saves an average working family, a middle-income family, less than \$1 a day, less than \$323 a year. If we can lower interest rates and that family is trying to pay off a home, and most families enjoy the opportunity to own their own home at some point in their lives, if we can reduce that interest rate 2 percent, we will not save them \$323, we will save them \$2,000 a year.

That is the kind of sound budget plan that this Congress need to pursue. We have a responsibility in these prosperous times to take advantage of a historic opportunity to pay down the debt, a debt that was accumulated over 30 years of deficit spending. We have a responsibility not to count on the estimated \$2 trillion surplus that is supposed to arrive here over the next 10 years by deciding today what we are going to do with it.

It is kind of interesting, because we actually here in Congress have had tax cuts on the floor that would consume the opportunity for any Congress in the next 10 years to vote on a tax cut. It seems to me that those who claim to be fiscally prudent, who claim to be fiscal conservatives, would understand that we do not spend a surplus that is

not here yet, and that we do not spend it all at one time.

There are other priorities that we have to be attentive to. Medicare needs to be preserved for the next generation. Social security needs to be preserved for the next generation. We need a prescription drug benefit under Medicare for our senior citizens. We need to spend more on national defense. We need to be sure that we protect our veterans.

Those are issues that have not been accounted for when people talk about a \$2 trillion estimated surplus. So let us stick to a plan of fiscal responsibility. Let us be sure we protect our economy for the future. Let us be sure that our children do not have to pay off that \$5.6 trillion debt that, by the way, continues to grow.

I thank the gentleman for the opportunity to share these thoughts.

Mr. STENHOLM. Mr. Speaker, I thank the gentleman from Texas (Mr. TURNER), and I thank the gentleman for pointing out that the best tax cut that this Congress can give the American people is that which keeps interest rates down, something that gets overlooked in the rhetoric around here so often.

The gentleman gave the numbers, I was using a little smaller number, a \$50,000 home mortgage, a reduction of 1 percent in the interest is \$500 per year. That is real money that working families would darned sure appreciate.

By now, I would hope that folks have begun to realize some of the fallacies of those who suggest a \$1,300,000,000,000 tax cut is what this economy needs.

Review for just a moment as I think out loud, what has the Federal Reserve done I believe six times in the last year? Increased interest rates. Why have they done that? Concern of the Federal Reserve that the economy may be overheating and inflation may be taking off; one of the cruelest taxes that occurs, particularly to those who live on fixed incomes.

Why do we have a tax cut? To stimulate the economy. If we should have a large immediate tax cut that stimulates the economy, why would we not suppose the Federal Reserve may take it away in interest rate increases? It is something that has bothered me a great deal, and it is one of those things that has influenced the Blue Dog budget and the proposal.

Let me again as I close remind everyone that this Blue Dog framework that the gentleman from Texas (Mr. TURNER) and the gentleman from Mississippi (Mr. TAYLOR) and I have been talking about, and I am rather disappointed that we have not been joined by some of our friends on the other side of the aisle who have agreed with us, 33 voted with us earlier this year, in agreeing that this framework that would pay down the debt would be fiscally responsible on spending and tax cuts, and would be a pretty good plan.

It is not too late. We still have 18 working days left now in the 106th Con-

gress if we adjourn at our scheduled time. In order for us to get through with our work, we are going to have to find an agreement that can be supported by a majority of the House, a majority of the Senate, and the President concurring.

It is not a bad blueprint for us to be thinking about now. It is 50/25/25. We all agree we are not going to touch social security and Medicare trust funds. That is half of the \$4.6 trillion. Everyone agrees to that. Why not set aside half of the remaining to pay down debt, and then let us, in a bipartisan way, decide how much we are going to spend on health care; on pharmaceutical drugs; on the defense needs of this country; on water, as it pertains to my district.

□ 1830

The Speaker pro tempore has had some pretty severe disasters out in his part of the country. I have witnessed that and the tremendous devastation that has occurred to forests and ranchers and all. I suspect there are going to be some legitimate needs there where we probably are going to find some agreement. So let us stop this complete total partisan bickering and realize it is going to take some bipartisan action.

Here, I want to make another comment about Social Security. Because if I had one prevailing reason for encouraging the President to veto the death tax bill that was presented to him, it was because of Social Security.

I continue to say, as my colleagues have heard me say several times on the floor, I have two reasons for my vote today, and their names are Chase and Kohl, who are my wife Cindy's and my 5- and 3-year old grandsons. When they were born, the first one 5 years ago, I resolved that I did not want them to look back 65 years from that date and say, if only my granddad would have done what in his heart he knew he should have been doing when he was in the Congress, we would not be in the mess we are in today.

That is kind of the guiding light, I guess, for me insisting that a backend loaded tax cut on the death tax that repeals it in 2010 at the cost of \$50 billion at the exact same time baby boomers are retiring. That Congress, now I will not be here at that time, my body will not take this job that much longer, but there will be a Congress that will be there, and it is grossly fiscally irresponsible to pass on to future Congresses and to our grandchildren those unanswered questions of where they are going to get that revenue.

I think we ought to first make the decisions here on Social Security and Medicare. Obviously we are not going to do that in the 106th Congress. It is going to take the 107th Congress to do that and a new administration. I look forward to working with them, hopefully, in a bipartisan way.

Just as this year I want to commend the gentleman from Michigan (Mr.

SMITH) who stood alone arguing some fiscal responsibility on the Railroad Retirement and Survivors Improvement Act that passed overwhelmingly. I voted with the gentleman from Michigan (Mr. SMITH). I appreciate the point he was making even though it did fall on deaf ears, because any time we can find some bipartisan consensus on spending additional money or cutting taxes, it is very popular, very difficult to stand in the way.

But the gentleman from Arizona (Mr. KOLBE), my colleague from the other side of the aisle, and I have worked on a Social Security reform bill that we know that is going to cost some money over the next 10 years to implement it. That is why I have said that, before we start spending surpluses that are not there, let us fix Social Security. Let us have that open, honest debate. Well, it will take us next year to do that unfortunately.

Here a little bit of other history. Many times today I have heard that it was only after the majority changed in the House of Representatives that the budget got balanced. Well, I think that is taking a few liberties. I am perfectly willing and openly acknowledge the contribution of many of my friends on the other side of the aisle. But I think it is important for us from time to time when we start talking about budget to review some history on votes of the budget.

Let us go back to 1991. Remember that one. That was the Bush budget, President Bush. Well, it passed, but only 37 Republicans voted for it. I happen to have voted for it because I thought it was the right thing to do. But President Bush paid dearly with it because he got unelected in 1992, and one of the big issues was the budget of 1991.

Now let us go on to 1993. Remember that one. The Clinton budget. Well, I voted for parts of that and voted against parts of that, but I got the blame for all of that. In hindsight, the blame was not all that bad. But zero Republicans voted for that budget. It took all Democrats to vote for it.

Then let us fast forward to 1997, the Balanced Budget Agreement in 1997 that many give credit for the current fiscal situation. Well, here again 187 Republicans voted for it. It took a few of us Democrats, we Democrats to vote for it, too.

My point here is saying that we have always had, in most cases, bipartisan cooperation, sometimes bigger than others. But we seem to have wanted to get away from that. I hope, Mr. Speaker, that our colleagues that have been observing this today and perhaps others who may be a little bit puzzled maybe will have a few answers today of why some of us believe that the veto of the bill on the floor today was the right vote. We sustained it, just as some of us feel that the President's veto of the so-called marriage tax penalty is the right vote. I am one of those. I will say openly and honestly right now I will sustain that veto also.

Why do I say that? First off, I agree that we should not have a penalty on the marriage. Any two men and women married should not be penalized for being married. But it does not take \$292 billion to repeal the marriage tax penalty. Most economists and accountants will say, no matter how hard we try, we cannot eliminate the penalty, but we can do the best job we possibly can with \$82 billion. That is in the Blue Dog budget. That is what we will support, but not \$292 billion.

I am saying this to alert, to just say to the leadership, if they insist, and I think they will, on continuing to have as the real centerpiece of their economic platform for November of a \$1.3 trillion dollar tax cut, but they also believe that we have to increase defense spending and they also believe we have got to fix health care and they also believe we have got to take care of agriculture's problems and they also believe that we have got to fix Social Security. They cannot do all of those things unless they take a more fiscally responsible position. Mr. Speaker, that is why we take this hour today.

I will say again so that there shall be no misunderstanding by anyone observing or interpreting the vote today. The alternative that the President would have signed and will still sign, as he has stated, would have exempted all small businesses, all small businesses, farmers and ranchers included, up to \$4 million from even having to consider paying the death tax. What is wrong with that? Effective January 1, 2001, not 2010.

If we really and truly want to deal with it in a fiscally responsible way, let us know that the partisan politics is over on this vote, let us roll up our sleeves, then let us see if we cannot put together some, as I said earlier, if the Democratic version is not perfect, let us roll up our sleeves and, for a change on the Committee on Ways and Means, work, Democrat and Republican, to make a better one. But let us make sure it fits within the budget restraints.

To get my vote on any compromise, it cannot be a backend loaded tax cut for death taxes, for marriage tax penalty, for any other tax. It is fiscally irresponsible, in my humble opinion, for this Congress to pass tax cuts that explode in 2010 and afterwards. If we want to do it, do it now. Have that open debate. But do not, do not backend load without first coming to this floor with the Social Security reform bill.

My colleagues will find that there will be bipartisan support, bipartisan support for a lot of the ideas kicking around as long as we are willing to openly and honestly pay for them. The bill that was vetoed today was not openly and honestly paid for. The truth, the whole truth and nothing but the truth.

I thank my colleagues for joining with me today, and we look forward to the continuing of this discussion next week and hopefully getting an agree-

ment that will get 218 votes, 51 votes and a Presidential signature, ideally 435 and 100, but that will never happen, Mr. Speaker. But I suspect that we might find one that you and I will agree on.

#### ISSUES REGARDING THE DEPARTMENT OF EDUCATION

The SPEAKER pro tempore (Mr. SIMPSON). Under the Speaker's announced policy of January 6, 1999, the gentleman from Michigan (Mr. HOEKSTRA) is recognized for 60 minutes as the designee of the majority leader.

Mr. HOEKSTRA. Mr. Speaker, I welcome the gentleman from Colorado (Mr. SCHAFFER) who is going to be joining me tonight as we talk about some of the issues that we have dealt with on my subcommittee.

I chair a subcommittee dealing with the oversight issues dealing with the Education and Labor Departments. We are going to kind of take our colleagues through what we have found in our investigations, and some of the things are quite disappointing. On the other hand, there are some things that have been very, very exciting.

Let us start where we should, since we have responsibility for this agency, taking a look at the Department of Education here in Washington. This is a Department that spends approximately \$40 billion per year. It also manages a loan portfolio in the neighborhood of \$80 billion to \$100 billion. So this is an agency that, under its control, has about \$120 billion to \$140 billion. It is a pretty large corporation if it were in the private sector.

Let us reflect back as to what we envisioned for an organization like this. In some ways, it matches what our Vice President AL GORE indicated early in the Clinton administration when he was talking about reinventing government, and that we saw these Federal agencies as representing the best in management practices, mirroring the best in management practices that one finds in the private sector.

If these management practices are in the private sector, it would make a lot of sense for the Federal Government and the agencies within the Federal Government to learn from what is the best practices and incorporate those best practices. I think in many ways that was what the Vice President, Vice President GORE, intended with his assignment to reinvent government.

In 3 weeks we will close another fiscal year. The disappointing thing is that, yes, the Education Department has been reinvented, but under this administration, it has been reinvented into something that none of us can feel very good about. Remember this is an agency that spends \$40 billion on discretionary funds, manages the loan portfolio in the neighborhood of \$80 billion to \$100 billion.

What do we know? We know that, for the year 2000, the Department of Education will again fail its audit. It has

failed its audit in 1998. It failed its audit in 1999. With testimony that we have received in our oversight subcommittee, it is clear that, once again, in 2000, the Department of Education will not have the internal controls, the internal systems in place that will enable it to receive a clean audit.

If that is what the Vice President means by reinventing government, then it is time that we take another look at exactly what this should mean.

When we have got an agency that does not get a clean audit, what does that mean in the private sector? I worked in the private sector, and I worked for a publicly held company. If one is in the private sector and one's independent auditors come in and take a look at one's books, and they indicate to one's shareholders, one's customers and to Wall Street that one's books are not an accurate reflection of what is actually going on in one's business, typically what will happen is the value of the stock will plummet, perhaps even the trading of one's shares will be suspended on the market. One will begin looking for a new chief financial officer. One may also begin looking for a new chief executive officer. Of course one would begin looking for a new person who said we are going to reinvent this company and make it the way that we would like it to perform. That is the private sector.

Why would that happen? This is why companies go through and get an audit. This is why we push to have Federal agencies become auditable. We know that when the books are not clean, and when the systems are not in place, what one is doing is one is putting in place a system of behavior that is ripe for waste, fraud and abuse.

That is why it is so critical in the private sector. That is also why it is so critical in the government sector. Because now approaching its third year of failed audits, what else do we know? Do we see a Department of Education that has the negative with the failed audits but everything else is fine? No. What we find within the Department of Education is a system that is full of waste, fraud and abuse.

Let us also define exactly what the Department of Education is. The Department of Education does not educate any of our kids. Basically what it does is it manages this \$40 billion in discretionary spending. This is money that it sent around the country. It manages this loan portfolio. So basically what it is, it is a bank that distributes taxpayers' money. What we now know under the Vice President's definition of reinventing government it does not do it very well, because the auditors say there is no clear indication that the way that the Department of Education reports its spending actually reflects what happens.

□ 1845

So it is a bank. It distributes funds; it manages loans. What it does not do is it does not educate our kids.