

We have assumed enormous new responsibilities particularly dealing with the Wall Street issues of securities and exchanges, as well as insurance added on to the traditional banking issues, as well as the IMF, World Bank, and others; but we have a wide range of issues, and we needed that kind of extra staff to carry out our functions.

Mr. Speaker, to show my colleagues how fair this whole process worked out to be, particularly with the two-thirds, one-third, we will receive in our committee nine new staffing slots, five of which will go to the minority. Clearly, the gentleman's efforts have borne fruit in moving this bipartisan effort and making certain that the committees were funded properly and have the opportunity to do and carry out the agendas that we have before us.

I have nothing but praise for the process and particularly for the gentleman from Ohio (Mr. NEY), the chairman, and the gentleman from Maryland (Mr. HOYER), my good friend, for what they have been able to accomplish and bring to the floor today.

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

Mr. Speaker, in closing, I will make the representation, as I said before, that all 19 ranking members are going to support this resolution. They will do so because we have come together, sat down at the table, reasoned together and come up with what we believe to be a fair resolution.

Like the gentleman from Ohio (Mr. OXLEY) said, it is not perfect from anybody's standpoint, but perfect was not possible. But fair was possible, and it was achieved. It was achieved because I think the gentleman from Illinois (Mr. HASTERT), Speaker of the House of Representatives, believed it appropriate; the gentleman from Ohio (Mr. NEY), our chairman, fought hard to achieve that result.

It was not always easy. There were obviously some who felt that they did not like the shift that was being made, but because of the commitment to fairness of the gentleman from Illinois (Mr. HASTERT) and the gentleman from Ohio (Mr. NEY), fairness was achieved. I appreciate that.

There have been times, obviously, when on our side of the aisle, some thought that fairness was not achieved. We still are concerned about the ratios on committees. We are concerned from time to time with the processes that the Committee on Rules adopts, which precludes us from, we think, putting forward our propositions in a fair way.

It is good for the public to know, Mr. Speaker, that there are more times than not when we can sit down and come to agreement, knowing full well that all of us serve the American people, and they expect us to work together in as positive and productive a fashion as we can.

The leadership of the gentleman from Ohio (Mr. NEY) and the leadership of the gentleman from Illinois (Mr. HASTERT) have provided the oppor-

tunity for that to occur, and our ranking members have worked hard with their chairmen to accomplish that objective.

Mr. Speaker, I think we have done it, and I urge all of my colleagues to support this resolution.

Mr. Speaker, I yield back the balance of my time.

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

Mr. Speaker, I found in the years that I have served in office that the American people have a willingness to become involved in the energetic give-and-take of public debate, and that public debate on behalf of the people of the country is made in the committees. The committees are the heart of what this institution is about.

This is a proposal, a resolution we can proud of. It is fiscally responsible. It is, I believe, a good day for not only the House, but for the American people, because the institution of the House works.

Mr. Speaker, I urge support of this resolution.

Mr. DINGELL. Mr. Speaker, I rise in support of the Omnibus Committee Funding Resolution. While the resolution does not include the full request of the Committee on Energy and Commerce, which the Minority supported, it does recognize the increased workload facing our Committee. Each of the six subcommittees has more than a full plate, with issues such as patient protections, prescription drugs for seniors, and national energy policies, even before consideration of Administration proposals that will presumably be forthcoming.

I note that the proposed budget is a significant improvement in its treatment of the minority. Although my colleagues on the other side of the aisle have previously spoken of a goal of a two-thirds/one-third split between the Majority and Minority in funding and staff positions, the Minority on the Committee on Energy and Commerce has never received even that modest allocation. Under this resolution, however, the minority members, who constitute 49 percent of the House and 45 percent of the Energy and Commerce Committee, will finally be allocated one-third of the funding and staff slots long promised by the majority party. More importantly, it is my understanding that an accommodation of the needs of the Minority has also been reached on the other Committees as well.

Because of these improvements, I support this resolution and urge my colleagues to support it. I would note that this resolution is just a first step in the process; the House will need to allocate sufficient funds to make good on its promises. This resolution represents a good beginning, and I hope it carries over into more mundane matters, like office space, as well as into legislation on important policy questions.

Mr. NEY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. PETRI). Pursuant to the order of the House of today, the previous question is ordered on the resolution, as amended.

The question is on the resolution, as amended.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HOYER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

#### GENERAL LEAVE

Mr. NEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include therein extraneous material on H. Res. 84, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

#### RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until approximately 5 p.m.

Accordingly (at 4 o'clock and 38 minutes p.m.), the House stood in recess until approximately 5 p.m.

□ 1715

#### AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. GIBBONS) at 5 o'clock and 20 minutes p.m.

#### CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEAR 2002

The SPEAKER pro tempore. Pursuant to the order of the House of Thursday, March 22, 2001 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for a period of debate on the subject of the concurrent resolution on the budget for fiscal year 2002.

The Chair designates the gentleman from Ohio (Mr. LATOURETTE) as Chairman of the Committee of the Whole, and requests the gentleman from Ohio (Mr. HOBSON) to assume the chair temporarily.

□ 1721

#### IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for a period of debate on the subject of the concurrent resolution on the budget for fiscal year 2002, with Mr. HOBSON (Chairman pro tempore) in the Chair.

The CHAIRMAN pro tempore. Pursuant to the order of the House of Thursday, March 22, 2001, general debate shall not exceed 3 hours, with 2 hours confined to the congressional budget, equally divided and controlled by the ranking member of the Committee on the Budget and 1 hour on the subject of economic goals and policies, equally divided and controlled by the gentleman

from New Jersey (Mr. SAXTON) and the gentleman from California (Mr. STARK). The gentleman from Iowa (Mr. NUSSLE) and the gentleman from South Carolina (Mr. SPRATT) each will control 1 hour of debate on the congressional budget.

The Chair recognizes the gentleman from Iowa (Mr. NUSSLE).

Mr. NUSSLE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this is an opportunity that only comes around every few years, and that is an opportunity, as my friend and colleague, the gentleman from South Carolina (Mr. SPRATT) suggested at the Committee on Rules when we met just a little while ago, to have a watershed budget, kind of a real opportunity for taking a fresh look at where we are as a country; where we are as a Federal Government; what are our priorities; what are our values; what are our principles as we move forward.

As we look into this century, we have accomplished so much on this threshold and yet there are so many challenges that face us, but just to give us a little bit of a threshold to work from, let me suggest that, Mr. Chairman, we are about to debate the fifth straight balanced budget, and that in and of itself, I believe, not only is a real treat but a real accomplishment.

We have built that budget. We have built that accomplishment in a bipartisan way, Republicans and Democrats struggling and arguing and sometimes even fighting to come up with the priorities that shape our country's future. We did not do it alone, and we did it together along the way sometimes; sometimes not. But I think we all have a lot to be very proud of as we stand on this threshold and look forward.

Probably the people who deserve the most credit, as we stand on this threshold, are the people that are watching at home, balancing their checkbooks around their kitchen table, making the decision about where their kids are going to college, getting that Visa bill in the mail and going, oh, man, not again, or finding out that the energy prices just went up yet again and how that is going to have to take away from some of their other priorities.

So as we struggle through that which we think is so important here in Washington, D.C., let us be ever mindful of the kitchen-table conversations that are going on around America tonight, and those kitchen-table conversations, while maybe not having as many zeroes as the zeroes we are going to talk about in this particular budget, are just as important, if not more important, to the future of America.

As we build this budget, we build on a very solid foundation. And we decided in order to continue that solid foundation far into the future that we had to adopt six principles that would guide our deliberation, that would guide the decision, that would guide the blueprint as we move forward.

The first is that we would try and have maximum debt elimination. We as

a country recognize, whether one is a farmer in Iowa or whether one runs a small business in upstate New York or whether one is a senior down in Florida or South Carolina, balancing their checkbook and making ends meet they know that debt can kill them; they know that running up too much and having too much indebtedness makes it pretty difficult for one to make the decisions that face them every day. We as a country are no different. By building up a national debt, by not living within the means of the revenues that we get from the hard-working Americans across this country, we have built up over a number of decades a huge debt held by the public, and one of the goals in this budget was to eliminate as much of that as possible; and we accomplish that in this budget.

Over the course of the next 10 years, we will pay down the most amount of debt held by the public that this Nation has ever experienced; and, in fact, by the end of this period of time, we will pay back all of the debt one can possibly pay and still be responsible as a Nation. Sure, there will be a little bit of debt left over that needs to be carried because it either has not matured yet or we would have to pay a high penalty or a high premium in order to recoup, but the bottom line is that we will turn over to our children and our grandkids almost a debt-free nation.

Second, maximum tax relief for every taxpayer. We want to make sure that everybody who pays taxes gets a little bit of tax relief. Why do we do that? Because we are running a tax surplus. After all the bills are paid, after all the debt is paid down, after we meet all of the priorities of a country that has many, we have a tax surplus that has been growing. In fact, it has been growing so large, it is now the largest, if we look at it with regard to our economy, our gross domestic product, it is the largest that we have ever carried as a Nation and we need to reduce that tax burden for every taxpayer.

There are some other priorities that we wanted to include in this budget. First we wanted to improve our education for our children. We have elected a President of the United States who has demanded that no child in this country should be left behind, and we take him up on that offer by continuing some very large increases in spending, but also demanding reform for our Nation's education system, recognizing that the soft bigotry of low expectations within our system, as the President has dubbed it, is something that needs to be broken, needs to be changed and more local control with high standards needs to be what we need to usher in in this new education era.

Next is a stronger national defense. We live in an ever-changing, ever more dangerous world, one that cannot be paid for, cannot be bought, cannot be invested in without rethinking our national defense.

The President of the United States, from that podium right back there,

challenged us and said the money should not determine the policy but yet the policy should determine how much money we spend. He charged Secretary Rumsfeld, the Secretary of Defense, with coming forward with a full review, top to bottom, of our Nation's defense, and suggesting that we should not just put in some extra money because it sounds good, add some more money because the industrial defense complex needs to have that money to run, to just put in some more money because we have defense hawks around here or because it is expected as a Congress in order to add those dollars, but to say, no, first let us do a top-to-bottom review before we make the decision about how much money to spend. And that review is ongoing and we build that into our budget.

Next is to reform and modernize our Medicare system. We recognize certainly coming from a rural area, as I do, that Medicare is what we depend on. Health care in rural America is Medicare. We have a growing and a very aging population that needs this reformed and modernized to meet the new needs of their generation.

□ 1730

Back in 1965, modern prescription drugs and other procedures maybe were not contemplated. They are today, and our Medicare system needs to provide for that. That is why in this budget we provide for prescription-drug modernization, as well as other modernizations, so that we can extend the life of Medicare far beyond its current existence.

Then finally, a better Social Security system for our seniors today and for tomorrow; not just for today, but for tomorrow, recognizing that in a bipartisan way, Republicans and Democrats have set aside the entire surplus from the trust fund of Social Security and recognizing that while that answers the question of Social Security today, it does not answer the question for my generation or for generations to come.

So in this budget, while we continue the practice of setting aside the entire Social Security Trust Fund, putting it in that lock box, what we also do is we say, we want reform, we expect reform, we support the President's call for reform, and we move forward toward reform in this budget.

We believe that discretionary spending overall should be kept in pace with the economy. So as the President has suggested, we say that our government should not grow any faster than the family budget, should not grow any faster than the economy as a whole, so we limit the growth of government to the rate of inflation; and we believe that is a responsible way to move forward.

Finally, what we say is that after all of these priorities, after all of these goals are met, there is still money left over. After we pay for education, after we pay for our national defense, after we pay for our environment, after we

pay for Medicare, after we pay for prescription drugs, after we set aside all of Social Security, after we pay down the national debt to the lowest point in over a century, there is still money left over, and whose money is that? It is the people who are balancing their checkbook around their kitchen table and they deserve a refund, they deserve their money back, they deserve to make those decisions that they want to make for their families and their own communities. And it is for that reason that we provide tax relief in this budget.

How does the surplus add up? Well, because of the projections that the Congressional Budget Office puts forward, we believe that there will be \$5.6 trillion worth of surplus over the next 10 years. What do we propose to do with that? We propose to pay down the debt by setting aside all of Social Security. As we know, when our FICA taxes come in, they pay for benefits. Those that are left over usually get rolled into Treasury notes.

Well, we are able to not only pay down that debt because we are getting more surplus; but we are also able to, as a result of this, set aside for debt service, for a contingency reserve, and for Medicare the entire amounts to allow not only for reform, but for a rainy day. We have a contingency reserve over the course of this next 10 years of \$517 billion as a cushion.

We recognize that the projections are not always very accurate. We believe these are very reasonable and very conservative projections; but we recognize that it may not hit exactly where we say, even though over the last 6 years they have come in larger than expected. But we still set aside over half of \$1 trillion in addition to Medicare, in addition to Social Security, in addition to paying the debt service; and we still set aside half of \$1 trillion to deal with that which we know is coming in the future: a farm crisis, a national defense review that may require additional spending.

We believe that this is a responsible budget, one that should be supported not only by my colleagues, but should be supported by the American people as a solid foundation to build upon, but also one that is flexible enough to deal with the contingencies and the concerns of the future. We have a good budget, it is a realistic budget, it is an enforceable budget. Support the budget.

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

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

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, some years when we do the budget it is routine, even inconsequential; but some years, as in 1990 when we did the budget summit with President Bush and again in 1993 when we did the Clinton budget, and in 1997 when we did the Balanced Budget

Agreement, the budget lays down a path that we follow for many years to come. This is such a budget. Because of what we did in 1990, 1993, and 1997, we are reaping the consequences of our fiscal good behavior. We think we see enormous surpluses projected at as much as \$5.6 trillion; \$2.6 trillion to \$2.7 trillion, after we back out Social Security and Medicare. So this is a watershed budget. We are going to make an allocation of these surpluses that will last for at least 10 years and beyond, and that is why what we are doing has to be done with great gravity.

The chairman of our committee, the gentleman from Iowa (Mr. NUSSLE), just laid out six principles. Well, let me compare the difference between us and them, using his criteria, his six principles. He started with debt retirement, and I heartily agree. The more debt we can pay down, the better for our children and the better for our future, the better for Social Security and Medicare. So what is the scorecard on debt retirement, debt reduction? Our budget, our resolution on the Democratic side over 10 years between 2002 and 2011 will reduce the debt held by the public, Treasury debt held by the public by \$3.681 trillion. Their resolution, the Republican resolution, will reduce that debt by \$2.766 trillion. We win on that score by \$920 billion. Not even close.

Tax relief. The gentleman said we should give some of the surplus back to the American people; and we agree, heartily agree. We have set aside one-third of the surplus to give it back to the American people in the form of tax relief to those taxpayers who need it the most. But in making room for tax cuts, we have also left room for other things that people clearly want: education. That was the next on the gentleman's list. The next criterion by which to judge the budget resolution he said was education. Listen to this: because we made room for other priorities, and were not just fixated on tax cuts alone, we provide \$132.8 billion over the next 10 years, that much, \$133 billion more than the Republican resolution would provide for the education of our children. There is no comparison. It is not even close. We went hands down on that particular issue.

A stronger national defense. I have been on the Committee on Armed Services for all of the time I have served here, more than 18 years; and I heartily agree, we need to do more for national defense, we need to modernize our defenses. We have been living off what we spent in the 1980s during the 1990s and now we need to put a little bit more into defense, so we do it. We have in our budget resolution \$48.2 billion more for financial defense than they provide. They provided the gentleman from Iowa (Mr. NUSSLE) the opportunity to supply a different number, but we are realistically budgeting for defense \$115 billion in budget authority over and above the baseline set by the Congressional Budget Office, which is an inflated baseline, a baseline equal to in-

flation. That much more for national defense. At least for now, we win on that score as well.

Medicare reform. That was the way it appeared on the gentleman's list. If we look through his budget resolution, the Republican resolution, we look in vain for any proposal for Medicare reform. It is not there. There is a vague proposal about prescription drug benefits for Medicare; but if we are really absolutely earnest about Medicare, then one of our chief concerns has to be how long will its solvent life last so we can tell older Americans it will be there when they need it. We will not be cutting it because we cannot extend its solvent life.

We have drawn a strict principle here. We want to add prescription-drug benefits to Medicare; but because we do not have a huge tax cut, we have a moderate tax cut, we have the resources, the wherewithal to do that by using resources from the general fund of our budget, not by dipping into the trust fund of Medicare and diminishing that trust fund and shortening its life, which is what the Republicans propose to do. They want to give to Medicare with one hand and take from it with the other, so that the result is, they get a very meager prescription-drug benefit, mostly for low-income beneficiaries and a shortened solvent life for Medicare. We extend the life of Medicare, and we provide a robust \$330 billion to provide prescription-drug coverage under Medicare.

However, my biggest concern about their budget and the biggest difference between us and them and the point that I would close on is just this: I have been here for 18 years. I came here when the deficit was just beginning to mount. We have tried to get our arms around this terrible thing we call the deficit and change it; and we finally, finally, after 18 years, reversed some of the fiscal mistakes we made in the early 1980s and put this budget in surplus, surpluses that nobody ever thought possible. Surely we do not want to take any action now, now that we have gotten here, that would put our budget surplus in jeopardy. But this is what the Republican resolution does.

If we want it drawn as a line graph, here it is to my right. That red line against the blue background is where their bottom line would go, what resources are left over. We take the surplus that is available, back out the tax cuts they propose, back out Social Security and Medicare, adjust it for spending increases; and this is the path that they are plotting for the future. From 2002 to right here around 2007, 2008, we are skating on thin ice. We are skating on thin ice. We barely have a surplus at all. There is no margin for error, no room for a mistake here.

Let me show my colleagues what could happen if these robust assumptions about the growth of our economy on which these frothy, blue-sky surpluses are based. Let us assume that

the growth rate in this country drops from the assumed rate on which these surpluses are predicated, from the assumed rate of growth of around 3 percent down to 2.5 percent, a drop of just one-half of 1 percentage point from 3 percent to 2.5 percent. As we can see, we go to the red in a hurry. We are back to borrowing from Social Security and Medicare once again. Just a slight deviation, just a slight mistake, error, or inaccuracy, and we are well below the line again.

Having worked here for years, to finally get to this day where we have a surplus, I hoped it would give us some freedom, some freedom for policy initiatives, for priorities that we have long deferred, help us pay down the debt of this country, help us address at long last the long-term problems of Social Security. That is a path we do not want to take. It has been too long, too hard getting to where we are to risk it all for this kind of projection.

That is why I say, there is a real difference between the budget resolution that we present and theirs. It scores better on every criterion the chairman just presented. It provides funds for extending the solvent life of Social Security and Medicare. They do not. But it leaves room for other priorities, prescription drugs, education, defense, agriculture which they have not provided for in their budget. Ours is a better budget resolution, and I think the debate that is coming up will clearly, clearly show that.

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

Mr. NUSSLE. Mr. Chairman, I yield 1½ minutes to the gentleman from Alaska (Mr. YOUNG), the distinguished chairman of the Committee on Transportation and Infrastructure.

Mr. YOUNG of Alaska. Mr. Chairman, I rise to engage in a colloquy with the gentleman from Iowa on House Concurrent Resolution 83, the fiscal year 2002 House budget resolution.

Mr. NUSSLE. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Iowa.

Mr. NUSSLE. Mr. Chairman, I would be pleased to engage in a colloquy with the gentleman from Alaska.

Mr. YOUNG of Alaska. Mr. Chairman, first of all, I would like to commend the gentleman from Iowa (Mr. NUSSLE), the chairman of the Committee on the Budget, and the Committee on the Budget for bringing this resolution to the floor.

The intent of this resolution is to honor the funding guarantees in TEA21 and AIR21 and provides substantial increases for other important transportation programs, such as the Coast Guard. It is my understanding that due to errors in the functional totals that were provided by the Office of Management and Budget and perhaps other discrepancies between OMB and CBO, the Function 400 totals in this resolution were inadvertently understated.

□ 1745

I have been assured that a technical correction will be made in conference so that the final budget resolution accurately reflects the funding levels necessary to fully fund highways and transit under TEA21, and the Federal Aviation Administration's operating capital, and airport grant programs under AIR21, as well as provide increases for other transportation programs, such as the Coast Guard.

I would like to ask the gentleman from Iowa (Mr. NUSSLE) if my understanding accurately reflects his intention.

Mr. NUSSLE. Mr. Chairman, the gentleman from Alaska is correct. The Office of Management and Budget's budget submission contained recently identified errors in the transportation function.

Let me assure the gentleman that we will address these errors in conference, and that the Function 400 totals will be fully funded for TEA21 and AIR21, and provide increased funding for the Coast Guard.

Mr. YOUNG of Alaska. Mr. Chairman, I thank the gentleman very much.

Mr. NUSSLE. Mr. Chairman, I reserve the balance of my time.

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

Mr. SAXTON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, let me begin by offering my congratulations to the Committee on the Budget, led by the gentleman from Iowa (Chairman NUSSLE), for the extremely hard work and efficient job they have done in bringing this budget to the floor which will be voted on here in the next day or so. We appreciate very much the work that has been done and the budget that has emerged, which I rise to strongly support.

Mr. Chairman, as the chairman of the Joint Economic Committee, it is customary for us to have an hour at this time or at some point in the budget debate to discuss the effects, or the potential effects, as we see them, of the pending budget to be voted on on the economic performance of our country; and in fact, if we might be so presumptuous, since our economy has something to do with the world economy, on the effect that the budget and the spending program that it lays out would have on the economic performance of this country and the world during the next fiscal year.

I think in order to put this in the proper perspective, from the perspective of a citizen of this country, it is very important to recognize where we have been and how we got there economically over the past number of years, and then to talk a little bit about where the economy appears to be going.

I think it is important to point out, therefore, that we have done quite well over the last two decades. As a matter

of fact, we are in the 10th year of an economic expansion, and yes, the economy is still expanding, albeit a bit slower than it was.

I think it is also important to point out that the 10-year growth period that we are currently in was preceded by an economic expansion that lasted 8 years. So there are some good things at play in the United States economy, producing first an 8-year period of growth, followed by a very short 8-month recession, and a very shallow one, I might point out, during the last half of 1990 and the first quarter of 1991, and then we began to grow once again, and we have grown through today.

We believe there are some reasons that happened. First, perhaps, is that in the early 1980s and in the mid-1980s, a stage was set in our country by the reduction of some tax rates which were brought about during the Reagan administration. Because we were able to build on that platform, if you will, of a new tax process, a new system, in effect, of at least lower rates, we were able to see the progress begin during the 1980s of building this long-term economic growth period that we have seen.

Secondly, it is important to point out that not everything that affects the economy happens as a result of activities in this room or in the other body. As a matter of fact, the Congress had very little to do with the activities of the Fed, the Federal Reserve, during the last 12 years or so. Headed up by our friend, Dr. Greenspan, the Fed took upon itself a new, or at least a partially new, direction.

In a book that I recently read about Dr. Greenspan, the introduction to the book called him "an anti-inflation hawk." That is precisely what has characterized the last 12 years of the activities of the Fed: The Fed has targeted inflation. As a result of the targeting of inflation, they have brought inflation down so that interest rates, the long-term interest rates, are also relatively low.

So between lower taxes than we have had historically, lower tax rates than we have had historically since World War II, and the lowest rate of inflation over a sustained period of time in that same period, we have seen very significant economic growth. There are other factors, but suffice it to say that our taxing system and our inflationary rates have been quite low.

However, all good things tend to come to an end, although this one has not come to an end quite yet, and we hope it will not. We do know that the economic program has begun to change, and there have been signs of a slowdown.

Although this slowdown was documented last December in a JEC study entitled "Economic Performance and Outlook," there seems to be a little confusion in some quarters about when the slowdown actually started. A review of the facts demonstrates that the economic slowdown has been under

way at least since the middle of last year.

Recent economic developments are important, and it is important to understand that. Because policymakers cannot afford to be unaware of what has actually been happening in the economy, I would like to present some facts about where we have been.

The best single indicator of the slowdown is the decline in the rate of economic growth in the second half of the last year. That would be, of course, 2000. This decline in GDP growth was already evident in numbers released by the Clinton Commerce Department last year, and confirmed in subsequent releases.

Real economic growth, as a matter of fact, during the second quarter of 2000, was at 5.6 percent. This chart that I have here next to me shows here in the second quarter of 2000 we had a very significant increase to 5.6 percent from 4.8 percent during the first quarter. So things were really moving along quite well.

But then as the year progressed and we got into the third quarter, we can see here on the chart that the rate of growth actually dropped from 5.6 percent, which occurred in the second quarter, to 2.2 percent GDP growth in the third quarter, and in the fourth quarter it fell significantly again to 1.1 percent. So we are looking at a rate of growth today that is much lower than the rates that we saw early in 2000. As a matter of fact, we believe that this demonstrates quite conclusively that the slowdown actually began during the third quarter of 2000.

Some components of the economic slowdown, some additional components, are also important. For example, a very large portion of the private economy is accounted for by personal consumption and investment; that is, personal investment. The real personal consumption spending growth, as a matter of fact, decreased during that same period of time. It decreased, as a matter of fact, from over 7 percent growth in the first quarter of 2000 to less than 3 percent in the fourth quarter, again demonstrated by the chart here to my left.

Real private fixed investment growth also fell, as demonstrated on the next chart, from 16 percent in the first quarter of 2000 to about zero, to less than zero, a negative number, by the fourth quarter of 2000. So here again we see that during the last half of last year, things began to happen that some folks have called a financial meltdown. Some folks, it has caused some folks to sell all their equities, as a friend of mine told me he did yesterday.

So these trends, both in the factors that I have outlined here as well as in the stock market, which many Americans are watching very closely these days, have all shown significant declines, which again began during the second half of 2000.

The economy is therefore in a serious slowdown that was well under way in

the middle of 2000. As is evident, there is a great deal of evidence that an economic slowdown has been under way for more than 6 months, and that it has nothing to do with public officials acknowledging what is shown in official statistics, most of which had already been released by the previous administration; that is, of course, the Clinton administration.

While construction and some service-producing industries have been holding up fairly well, overall measures of the economy show a rapid and deep slowdown.

So I think that perhaps the point that I want to make to begin this hour on the Joint Economic Committee analysis of this budget is that there has been a slowdown under way for quite some time.

We have seen, during the last two decades, almost 18 years of continuous economic growth, again, separated only by a short and mild 8-month recession in the second half of 1990 and the first quarter of 1991. Therefore, we should be able to learn from what we have done correctly in the past, and also learn from what perhaps we have done incorrectly during that same period of time.

Mr. Chairman, a review of the facts is enough to convince any reasonable person that a sharp economic slowdown has been under way, and this raises the obvious question of what the appropriate policy response should be.

As I have pointed out before, both monetary policy and fiscal policy, that is, tax and spending policy, have been very tight as the slowdown has unfolded. Steps have been made by the Federal Reserve to relax its overly tight monetary policy, though more is needed, and then adjustment of tax and spending policy is also warranted.

The current economic system is generating large and growing surpluses in revenue to the Federal Government, and the tax system is creating a fiscal drag at the same time on the economy. Federal revenues as a share of GDP are at their highest since World War II. Let me repeat that: Federal revenues as a share of GDP are at their highest since World War II.

I believe that, translated into slightly different language, that means that the American people are paying more in tax revenues as a share of GDP than at any time since World War II, and that, Mr. Chairman, at least in the view of the chairman of the Joint Economic Committee, creates a drag on the economy. The high level of Federal taxes is a hindrance to economic growth that can and should be alleviated, and I applaud the Bush administration for coming forth with this proposal for a \$1.6 billion tax cut.

For all the talk about the size of the tax relief proposal, it amounts to about 6.6 cents on every dollar projected over the 10-year period. In other words, it is not a large tax decrease when compared with the total size of the revenues which will be coming in during that period of time.

The President has proposed and this budget contains, as we all know, a \$1.6 trillion tax relief package. During the same period of time that this tax relief package will play out, our total revenues will be \$26.6 trillion, so that amounts to about 6 cents on the dollar over that period of time, and I believe very much warranted.

Over the long term, reductions in tax rates and incentives for personal savings and investment will boost the after-tax reward for these activities, increasing the flow of resources into production.

□ 1800

This will improve economic growth, at least moderately in the short to intermediate run, and the compounding effects of this improvement over time will significantly increase economic and income growth over the long run.

Speedy delivery of the tax relief could also work to contain the current slowdown and facilitate a stronger renewal of economic growth.

The bottom line is that the Federal Government has a large tax surplus that is exacting a disproportionate additional cost on the already struggling taxpayers.

The Federal Government does not need this extra revenue, and it should be returned to the taxpayers where it originated in the first place.

A serious economic slowdown requires a reduction in fiscal drag caused by this excessive taxation.

The tax system is imposing excessive additional costs on the economy, and now is the right time to provide tax relief and reduce this burden on hard-pressed taxpayers.

We cannot make the economy turn on a dime, but we can alleviate the hardship caused by the slowdown and help build a foundation for stronger recovery.

There are those who say that the surplus should not be used for tax relief, and I believe that that is wrong.

Another important reason to provide tax relief is that the surplus will be spent, and I know that the gentleman from Florida (Mr. MILLER), Chairman of the Committee on Appropriations is here, and I know what a great job he has done over the last period of time in holding down helping to hold down spending.

But the fact of the matter is that we know that if that surplus remains, that that is too much of a temptation for the forces of this town to resist and, therefore, provides another compelling reason for this tax reduction to go in place.

The basic problem was outlined by the public choice school of economics some years ago. When they pointed out that surpluses just always get spent. The key problem is that there is an imbalance in our political system that leads to a bias towards increased Federal spending whenever there is a surplus.

The nature of the imbalance is this: The benefits of increased government

spending are highly concentrated among the clients of various special interests groups that operate in our country and in this town while the costs of increased government spending are diffused among all the taxpayers.

In other words, the taxpayers are only indirectly represented by those of us in this room, while those who favor increased spending are represented by paid lobbyists throughout this town. In other words, in the legislative process, the more intense an organized representation of special interest groups in favor of more spending tends to overwhelm the general interests of taxpayers scattered throughout the country. The larger the surplus, my friends, the more pressure there will be to spend it.

Why should not we send some of the taxpayers hard-earned money back to them, and as we have pointed out on this chart, it is only 6 cents on the dollar over the period of time.

One of the founders of the public choice economics won the Nobel Prize for his development of this and related explanations of decision-making and unconstrained legislative bodies, that of course was Jim Buchanan who is now at George Mason University earlier at the University of Virginia.

The fundamental truth of this proposition is why so many of us have supported tax limitation and similar amendments ultimately based on the public choice theory.

Without such constraints, the pressures on the Federal Government to spend are so relentless and well organized that the outcome is in very little doubt, and so, we have before us a proposal to reduce the level of taxation on the American people contained in a very frugal budget.

It is being spent out of the money that is left over. After our basic needs have been met, an increase in this budget of, I understand, less than 4 percent overall, and still there is room for a tax cut.

I believe it is essential. When I go on the street and talk to my friends, they recognize the responsibility as a Member of the House that I have, as we all have a responsibility to help to provide Federal policy that makes our economy grow.

I challenge my friends on either side of the aisle to go back home having voted against the budget, which includes the provisions that are so important in setting the stage for this tax decrease.

Mr. Chairman, I challenge any of my friends to explain that in the light of the economic conditions that we appear to be headed for.

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

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. HOBSON). The Chair would note that the Committee has embarked on the period of debate specified in the previous order of the House on the subject

of economic goals and policies, on which the gentleman from New Jersey (Mr. SAXTON) and the gentleman from California (Mr. STARK) each control 30 minutes.

The gentleman from New Jersey (Mr. SAXTON) consumed 20 minutes of his 30 minutes.

The Chair recognizes the gentleman from California (Mr. STARK).

Mr. STARK. Mr. Chairman, I yield myself 7 minutes.

Mr. Chairman, I hope my estimate does not turn out like the budget to be 20 minutes.

Are not economics exciting, Mr. Chairman?

The Joint Economic Committee has been granted the authority to control this part of the budget debate, and it has been a tradition since I guess 1978 when Senator Humphrey and Congressman Gus Hawkins first authored the Full Employment and Balanced Growth Act.

It is our duty to present the views on the current stay of the U.S. economy and provide input into the budget debate before us. Now, this budget is not one of which those two men would be proud, and the budget before us today has the real potential to dismantle the great strides our economy has made in the past decade.

I would like to get this economic debate into the terms of my distinguished colleague from Iowa, who had sort of a better grasp of economics, this kitchen table, now back in California, where I come from, in San Lorenzo, California, my in-laws have a kitchen table. As a matter of fact, it is the only table they have to eat from in their house.

They are going to be watching this, and they are going to figure it out. I think they are going to say with this Republican budget, those folks are eating the filet mignon and why we are sitting here with our Hamburger Helper?

It is kind of interesting. My father-in-law kind of figured out what our tax breaks would be under this budget, and I can tell my colleagues this without giving away too much detail about Frank and Mary, they are going to save \$239, all right? Their son-in-law, that is me, is going to get a tax cut bigger than their annual income.

They do not think that is very fair, but it may be because I am their son-in-law, but I do not think it is very fair either, because what they are not telling you in this great economic budget that 50 percent of all of this tax cut is going to people who make more than \$200,000 a year.

Congress conveniently put all of us congressmen into that upper echelon. We are all going to get an average of about \$28,000 a year tax cut, and our constituents are going to get probably less than a thousand bucks. I hope my colleagues all can go home and talk to their constituents around the kitchen table and tell them what you have done to them and those who pay payroll

taxes are not going to save a nickel on this budget.

They are going to continue to pay that old Social Security, that Medicare tax and not get any relief. While the 1 percent, those who make \$900,000 a year or more average a \$46,000 tax cut and get 43 percent of the benefits, the average American is not going to get bupkes.

The distinguished gentleman from Iowa talked about a watershed budget. Remember, I did not grow up on a farm, but I wonder if the watershed is the one with the half moon carved in the door, because that may be where this budget came from. Because my colleagues talk about a top-to-bottom review, we could not have enough time, Mr. Chairman, to get to the middle, all of this is going to be a top review, because the bottom and the middle are not going to get anything.

I would like to go on for a moment to what concerns people, because I do not think they believe that this economic thing is on the level, the average American is going to get anything. Not only are they not going to get anything, the rich are going to get their tax cut out of the Medicare trust fund, because the Republicans are stealing the money out of the Medicare trust fund to give the tax cut to the very rich.

Boy, is that going to come home in a few years. The Secretary of the Treasury O'Neill, himself, as he talks about running Alcoa, he would not accept a long-range projection for more than 6 quarters.

He would not trust them. He is going to trust a 10-year projection, which is really stretching it.

Mr. Chairman, I am feeling pretty good about this economic projection right now. Medicare is not going to have a prescription drug benefit, because the tax cut that is being advertised as \$1.6 trillion is really \$3 trillion dollars. I mean, the Republicans cannot count.

We have already passed the \$958 billion the committee has. The Committee on Ways and Means has reported out another \$399 billion we are going to consider that on the floor this week.

The phase-out of the estate and gift taxes is going to be \$267 billion, for Bush's proposal for tax incentive for charitable contribution \$56 million; education IRAs, \$6 million; the pension, IRAs liberalization \$64 million; Bush's proposal for permanent extension research grant \$50 million; and on and on, \$2,397 million, and the debt service costs \$556, a grand total of \$2,953 tax cut, and my colleagues are trying to tell us that is \$1.6 trillion.

My colleagues better take their shoes and socks off when my colleagues try and get above 10 because the numbers do not add up.

Then, after raiding the trust fund, not having any money left for a prescription drug benefit, giving all of this money to the rich, you from Iowa tell



us you are willing to waste our seed corn, because the real economic benefits in our budget should come from educating our youth so we do not have to bring in all the foreign workers in the Silicon Valley because we do not have enough kids who have had a good education to handle the computer programming and the other things we have to do.

We should be ashamed of starving our children from the education they need, of providing health care to our seniors, providing health care to the youth in this country, providing a prescription drug benefit, all at the benefit of giving a few huge tax cuts to these extremely rich Republicans.

Mr. Chairman, I ask my colleagues, please, to vote against this budget. Let us give a little more Hamburger Helper out of that filet mignon than we are giving to the very rich and let us make some economic sense out of this economic Wizard of Oz story.

It does not add up. It helps only a few rich people. It is a travesty to the fair American system. It is not fair. It is not economic, and it is going to break the country.

Mr. Chairman, I yield back the balance of my time.

#### PARLIAMENTARY INQUIRY

Mr. SAXTON. Mr. Chairman, may I inquire, did the gentleman from California (Mr. STARK) yield back all of his time?

Mr. STARK. Mr. Chairman, I reserved the balance of my time.

Mr. SAXTON. Mr. Chairman, may I inquire, it is my understanding that we are to have votes at this time or shortly, and a request has been made at this time to go ahead and take those votes. My intention at this time would be to yield back my time; however, if the gentleman from California (Mr. STARK) has more speakers and wants to wait until after the votes, which I understand will end about 7 p.m., then perhaps we can continue the debate during the Humphrey-Hawkins part of the debate after 7 p.m.

Mr. STARK. Mr. Chairman, it is my understanding that the Chair intends to call a vote at this point, and after the vote, we would continue using the time that has been allocated to the Joint Economic Committee, is that it, and it would be the time of the gentleman from New Jersey (Mr. SAXTON)?

Mr. Chairman, I have just a few speakers, and I have some time remaining, and I might as well do it now after we recognized the speakers, but I would ask unanimous consent to yield the balance of the Joint Economic Committee's time on the minority to the gentleman from South Carolina (Mr. SPRATT), the ranking member of the Committee on the Budget, if that is agreeable with the gentleman's side.

Mr. SAXTON. That is fine.

Mr. Chairman, I believe it would be expeditious on my part at this point to yield the balance of the Joint Economic Committee's time back to the gentleman from Iowa (Mr. NUSSLE),

chairman of the Committee on the Budget, which I do.

The CHAIRMAN pro tempore. Does the Chair understand that the request is made on both sides, asking unanimous consent to yield back the balances of their times to the chairman and ranking minority member of the Committee on the Budget, respectively?

Mr. STARK. Mr. Chairman, at the balance of the speakers we have listed.

□ 1815

The CHAIRMAN pro tempore (Mr. HOBSON). The Chair will entertain that request at that time.

Mr. SAXTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mrs. BIGGERT) having assumed the chair, Mr. HOBSON, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the subject of the concurrent resolution on the budget for fiscal year 2002, had come to no resolution thereon.

#### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will now put the question on the approval of the Journal, on agreeing to House Resolution 84, and then on each motion to suspend the rules on which further proceedings were postponed earlier today in the order in which the motion was entertained.

Votes will be taken in the following order:

Approval of the Journal, de novo;

House Resolution 84, by the yeas and nays;

H.R. 801, by the yeas and nays; and

H.R. 811, by the yeas and nays.

The Chair will reduce to 5 minutes the time for any electronic vote after the first such vote in this series.

#### THE JOURNAL

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the pending business is the question of the Speaker's approval of the Journal of the last day's proceedings.

Pursuant to clause 1, rule 1, the Journal stands approved.

#### PROVIDING FOR EXPENSES OF CERTAIN COMMITTEES OF THE HOUSE OF REPRESENTATIVES IN THE ONE HUNDRED SEVENTH CONGRESS

The SPEAKER pro tempore. The pending business is the question of agreeing to the resolution, House Resolution 84, as amended, on which the yeas and nays are ordered.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the resolution, as amended.

The vote was taken by electronic device, and there were—yeas 357, nays 61, not voting 14, as follows:

[Roll No. 62]

YEAS—357

Abercrombie	Ehlers	Kirk
Aderholt	Ehrlich	Klecicka
Akin	Emerson	Knollenberg
Allen	Engel	Kolbe
Armey	English	LaFalce
Baca	Eshoo	LaHood
Bachus	Etheridge	Lantos
Baker	Evans	Larson (CT)
Baldacci	Everett	Latham
Ballenger	Farr	LaTourette
Barcia	Fattah	Leach
Barr	Ferguson	Lee
Bartlett	Flake	Levin
Barton	Fletcher	Lewis (CA)
Bass	Foley	Lewis (GA)
Bentsen	Ford	Lewis (KY)
Bereuter	Fossella	Linder
Berman	Frank	Lipinski
Berry	Frelinghuysen	LoBiondo
Biggert	Frost	Lofgren
Bilirakis	Galleghy	Lowe
Bishop	Ganske	Lucas (OK)
Blagojevich	Gekas	Maloney (CT)
Blumenauer	Gephardt	Maloney (NY)
Blunt	Gibbons	Manzullo
Boehrlert	Gilchrest	Markey
Boehner	Gillmor	Mascara
Bonilla	Gilman	Matsui
Bono	Gonzalez	McCarthy (MO)
Borski	Goode	McCollum
Boswell	Goodlatte	McCrery
Boucher	Gordon	McDermott
Brady (PA)	Goss	McGovern
Brady (TX)	Graham	McHugh
Brown (FL)	Granger	McInnis
Brown (SC)	Graves	McIntyre
Bryant	Green (WI)	McKeon
Burr	Greenwood	McKinney
Burton	Grucci	McNulty
Buyer	Gutierrez	Meehan
Callahan	Gutknecht	Meek (FL)
Calvert	Hall (OH)	Meeks (NY)
Camp	Hall (TX)	Menendez
Cannon	Hansen	Mica
Cantor	Hart	Millender-
Capito	Hastings (FL)	McDonald
Capps	Hastings (WA)	Miller (FL)
Capuano	Hayes	Miller, Gary
Cardin	Hayworth	Miller, George
Carson (IN)	Herger	Mink
Castle	Hilliard	Mollohan
Chambliss	Hinchey	Moran (KS)
Clay	Hinojosa	Moran (VA)
Clayton	Hobson	Morella
Clement	Hoeffel	Murtha
Clyburn	Hoekstra	Myrick
Coble	Holden	Nadler
Collins	Horn	Napolitano
Combest	Hostettler	Neal
Conyers	Houghton	Nethercutt
Cooksey	Hoyer	Ney
Costello	Hunter	Northup
Cox	Hutchinson	Norwood
Coyne	Hyde	Nussle
Cramer	Isakson	Oberstar
Crane	Issa	Obey
Crenshaw	Istook	Olver
Crowley	Jackson (IL)	Ortiz
Cubin	Jackson-Lee	Osborne
Culberson	(TX)	Ose
Cummings	Jefferson	Otter
Cunningham	Jenkins	Oxley
Davis (FL)	John	Pallone
Davis (IL)	Johnson (CT)	Pascarell
Davis, Jo Ann	Johnson (IL)	Pastor
Davis, Tom	Johnson, E. B.	Payne
DeGette	Johnson, Sam	Pelosi
Delahunt	Jones (OH)	Pence
DeLauro	Kanjorski	Peterson (PA)
DeLay	Kaptur	Petri
Diaz-Balart	Keller	Pickering
Dicks	Kelly	Pitts
Dingell	Kennedy (MN)	Platts
Doolittle	Kennedy (RI)	Pombo
Doyle	Kerns	Pomeroy
Dreier	Kildee	Portman
Dunn	Kilpatrick	Price (NC)
Edwards	King (NY)	Pryce (OH)