

I hope my colleagues will stand firm. Keep the existing policies. Stop the export of death overseas with tobacco.

DEBATE ON THE BUDGET SURPLUS

The SPEAKER pro tempore (Mr. JOHNSON of Illinois). Under the Speaker's announced policy of January 3, 2001, the gentleman from North Carolina (Mr. BALLENGER) is recognized during morning hour debates for 5 minutes.

Mr. BALLENGER. Mr. Speaker, I have a strange problem with the way we are talking about our present debate on the surplus. For 30 years, 40 years we never worried about the surplus. We never had a surplus and we spent it all. So, here now, we are about to have a nervous breakdown on whether we are going to have a \$150 billion surplus. Oh, my goodness gracious, only \$150 billion, my, how can we possibly get along there?

What we really should be worrying about is, we are having a manufacturers' recession right now. Why? Well, as a manufacturer myself, and I checked with businesses back home, the main problem we have got is our dollar is the most overvalued currency on the planet today.

You should be a tourist traveling anywhere in the world. Everything seems cheap. The reason it is cheap is because our dollar is worth so much more than the value of currency of the place you are visiting. If we could do something to reduce this I think we would accomplish something, but we cannot compete with anybody in the world at the present time with the dollar as long as it continues to be the most expensive currency in the world.

Let me give some examples. After the earthquake in El Salvador, some of my friends there approached me with the idea that they needed to buy two by fours. They bought all the two by fours that were available as far as they were concerned in Central America, and so I called up some friends of mine down in North Carolina and asked them about what kind of a deal can you give me on 14 foot and 12 foot two by fours, and they said, Cass, well, the lumber market is terrible now but we will see what we can do.

These numbers are not exact, but they will show what I am talking about. This gentleman down there offered me something like a container load of two by fours, mixed 12 and 14 foot, for, say, \$4,000 for a container. I checked with a real large timber firm down in Louisiana and theirs was \$5,000 a container. So I figured I had a pretty good price.

So I called back my friend from El Salvador, and I said I think I have got a good deal for you here, let us see if we cannot negotiate. He said, well, what is your price. I said the deal we have got is \$4,000 a container, and he said, well, thanks a lot, Cass, but we just bought Canadian and we got it for \$3,000 a container.

I went back to my friend down in North Carolina who had offered me this great, wonderful deal, and I said, I am sorry but you got beat. He said, Cass, I hate to tell you this, but it is happening everywhere; we quote in competition with the Canadians. He said, first of all, you have got to realize that our dollar, as compared to their dollar, is worth sixty cents of our dollar. In other words, for \$60 you can go out and buy \$100 worth of Canadian dollars. Now, that is a wild and funny way to look at it, but in reality that is the way it works.

So just lately I checked on woodchips. In North Carolina we used to clean our forests up and we would chew all the wood up into woodchips, carry it down to our coastline and ship it all over the world. I do not know whether Mother Nature greatly appreciated what we were doing, but we were chewing these chips up and shipping them out. Everybody in the world wanted them, and all of the sudden we find out that in Australia they have come up with a better way of doing it and their money is cheaper than our money, and so our woodchip business is gone.

I do not know how many people have talked to the steel industry. The steel industry in this country is noncompetitive. They are getting dumped on, as they say, because of the inability to meet the costs that the other countries have for their manufacturing costs, but in reality, the whole thing hangs on a more expensive dollar, and let us be honest.

The more we balance the budget, the more surplus we generate, the more popular our currency becomes to the rest of the world. So what do they do? They decide to come here and buy our bonds, and they buy more bonds and they buy more bonds, and pretty soon, the dollar becomes more valued. I do not know how many of you ever watch it in the market and so forth, but the dollar goes up, the yen goes down, the pound goes down, the mark goes down, and here we are becoming less and less competitive and laying more and more people off because of it.

I would like to give an example. About 2 months ago, a group of us traveled from Brazil to Argentina to Chile. In Brazil, business was pretty good. We did not know specifically why. We went to Argentina after that, and Argentina had dollarized their currency. They tied their currency to the value of the dollar, and this was a great and wonderful idea to stop inflation, and they did. But the Brazilians devalued their currency and killed whatever industry that they had in Argentina. This is exactly the way the system works.

It is great if you are a tourist and can go anywhere in the world and buy everything you know cheaper, but in reality, somewhere along the line we have got to see what we can do.

This is kind of a strange request that I am making, but I think probably the best thing we can do is spend more of

the surplus and then people would say, hey, they are not quite as chancy with their money as we thought. So maybe we ought to buy some German marks or some British pounds and so forth and quit investing in American dollars. This may sound weird, but most of the folks in this room do not know any better. So I would like to sound weird and hope that we can influence somebody.

BROKEN REPUBLICAN PROMISES TO SAVE MEDICARE AND SOCIAL SECURITY SURPLUSES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Oregon (Mr. DEFAZIO) is recognized during morning hour debates for 5 minutes.

Mr. DEFAZIO. Mr. Speaker, it all depends upon how we define a surplus, and for quite a few years around here I was one of the Members who advocated that we should not be including the excess taxes charged to Social Security or to people for Social Security, FICA taxes, as part of the so-called surplus, spending it and replacing it with IOUs.

In fact, I found considerable support over the last few years on the Republican side of the aisle on this issue, which I found encouraging. In fact, the House Republicans have voted nearly unanimously seven times, seven times since 1999, to protect both the Social Security and Medicare surpluses by creating a lock box. We put it in a lock box, not once, not twice, seven times, seven padlocks, many different combinations.

Social Security and Medicare trust fund surpluses are safe. They would be reserved to pay the benefits in the future. In fact, as recently as July 11th, House majority leader, the gentleman from Texas (Mr. ARMEY), said we must understand that it is inviolate, you might have trouble following this but I will get to the point, to intrude either against Social Security or Medicare, and if that means foregoing or, as it were, paying for tax cuts then we will do that. He said he wasn't going to spend the money, and in fact, they might forego tax cuts in order to not break into the lock box.

Good news. Well, that was July 11. It is now September. How much things have changed.

The new Congressional Budget Office estimates, the Congressional Budget Office is headed by a Republican appointee, says that the surplus for the next nine years is 2.2 trillion, T, trillion, not billion, not million, trillion dollars less than projected last May. Remember the rosy scenario, oh, pass the tax cuts today and do not worry about it, there will be so much money, be floating in money, we can still maintain the integrity of the lock box, Social Security, Medicare and we can increase military spending and we can do all these things and there will still be surplus. In fact, the gentleman from

North Carolina (Mr. BALLENGER) that preceded me in the well talked about the surplus.

The surplus he talked about is the Social Security trust fund. It is raised through an unfair, flat, regressive tax capped at \$80,000 a year income. So the rich people are not putting in a penny over the little bit they pay on their first \$80,000 of income. Most working families are paying more in Social Security taxes than they are in income taxes to the Federal Government. In fact, many working Americans are not getting back a rebate because of that fact, but they do not mind too much because they know their money is going in the lock box created.

Now, what is in the lock box? Oops, well, not much money. There is something in here, though. Good, I owe you \$9 billion, signed Secretary Paul O'Neill, Secretary of the Treasury for George Bush, President of the United States.

So it seems that they are going back on their promise, are they not? We were going to have a lock box. They made a great show of voting on the lock box in the Clinton administration, but now with the Bush administration all things are changed.

It really doesn't matter whether we spend the Social Security surplus, that money intended for the trust fund for future retirees, today because the administration changed. Nothing else changed. We had all those votes to create the lock box, but suddenly the lock box isn't so important anymore, not as important as tax cuts.

Make no mistake, the tax cuts are the thing that are putting us in the hole. The Federal Government is borrowing, borrowing the money to send out those rebate checks which are against this year's estimated surplus which does not exist but is calculated on your last year's income. Follow that? Okay. What it means is cash the check quickly. It might bounce soon.

So this is the bizarre situation we find ourselves in. The Republican majority after touting lock boxes and saving Social Security and Medicare for so long, in their rush to please their wealthy benefactors and pass a massive \$2 trillion tax cut, particularly heavily oriented to those who earn over \$273,000 a year and estates over \$5 billion, they have already frittered away the surplus, and things look even more bleak for the future.

They are depositing IOUs back into the Social Security trust fund, spending the money today, now that it is time to talk about the possibility of, oh, my God, now they are in panic, some people are pointing this out, mindless, across-the-board cuts. First, let us jack up the military spending by 10 percent, then we will cut it by 3 percent and we might get back to putting something in the lock box. I doubt it. It is fuzzy math.

RECESS

The SPEAKER pro tempore. There being no further requests for morning hour debates, pursuant to clause 12, rule I, the House will stand in recess until 10 a.m. today.

Accordingly (at 9 o'clock and 20 minutes a.m.) the House stood in recess until 10 a.m. today.

□ 0952

AFTER RECESS

The House was called to order by the Speaker pro tempore (Mr. Goss) at 9 o'clock and 52 minutes a.m., thereby terminating the recess.

The SPEAKER pro tempore. Due to the circumstances of today, the Chair calls the House to order at this time.

The prayer will be offered by the guest chaplain.

PRAYER

The Reverend Gerard Creedon, St. Charles Borromeo Catholic Church, offered the following prayer:

God of peace and life, send Your spirit to heal our country; bring consolation to all injured in today's tragedy in New York and Washington. Protect us and help our leaders to lead us out of this moment of crisis to a new day of peace. Amen.

RECESS

The SPEAKER pro tempore. The House will stand in recess subject to the call of the Chair, pursuant to clause 12 of rule I.

Accordingly (at 9 o'clock and 53 minutes a.m.), the House stood in recess subject to the call of the Chair.

□ 1003

AFTER RECESS

The recess having expired, the House was called to order at 10 o'clock and 3 minutes a.m.

PRAYER

The Chaplain, the Reverend Daniel P. Coughlin, offered the following prayer:

O God, come to our assistance.

O Lord, make haste to help us.

Yesterday we were stunned, angry and violated. Today, Lord, we stand strong and together. Yesterday changed our world. Today we are changed.

We have humbly prayed to You, O Lord God of Heaven and Earth, yesterday and through the night. Now we turn to You for Your guidance and sense of eternal truths which built this Nation as we begin a new day of building security and peace through justice.

We mourn our dead and reach out with prayer and acts of compassion to all those families splattered with blood and exhausted by tears. Heal the

wounded. Strengthen all civil servants, medical and religious leaders as they attempt to fill the gaping holes left in the fabric of our Nation.

Send forth Your Holy Spirit, Lord, upon all the Members of Congress, the President, and all government leaders across this Nation. Free them of fear, any prejudice whatsoever, remove all doubt and confusion from their minds. With clear insight which comes from You and You alone, reveal all that is unholy, and renew the desire of Your people to lives of deepening faith, unbounding commitment, and lasting freedom here where liberty has made her home.

We place our trust in You now and forever. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

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

PLEDGE OF ALLEGIANCE

The SPEAKER. The Speaker will lead the House in the Pledge of Allegiance.

The SPEAKER led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Due to the events of yesterday, the Chair wishes to announce that the joint meeting to receive the Honorable John Howard, Prime Minister of Australia, scheduled for today will not take place.

The Chair wishes to acknowledge, however, the presence of the Prime Minister here today, and extends, on behalf of the House, his appreciation for the solidarity of the Australian people and the presence of the Prime Minister today in this very difficult time. Thank you.

HOUSE SCHEDULE FOR THE DAY

(Mr. ARMEY asked and was given permission to address the House for 1 minute.)

Mr. ARMEY. Mr. Speaker, as you have directed, the House is convening now. We will stay in session from now until 11 o'clock where Members will have time for 1-minute speeches. At 11 o'clock this morning we will take a recess until 12:30 while the Chamber is cleared. Members of the body will be invited back to the Chamber at 12:30, at which time we will have a Member briefing on the floor that will last until 2 o'clock.

At 2 o'clock, Mr. Speaker, the gentleman from Missouri (Mr. GEPHARDT)