

gains taxation, especially for primary residences that cost less than \$600,000, and what that meant to housing starts and new home sales and just a change in the real estate market.

But it was very interesting; the gentleman from Arizona, the Speaker pro tempore tonight, made the point that the forecasters, the estimators said that that capital gains rate reduction was going to cost the Federal Government. Yet, the reality is in terms of revenue accrued, it has been a triple-digit winner. Revenue has been produced. Why? Because it is a simple notion, regardless of party affiliation. The simple fact that the budgeteers do not want to recognize is this: reduction in tax rates leads to economic activity, leads to job creation, especially when we reduce the capital gains rate, leads to capital formation and the use of capital, putting it to work. When we do that in an economy, a people prosper. Indeed, one magazine in town asked our friends on the left if they were really concerned about revenues to the government, perhaps they should join us in asking for tax reductions because overall revenues increase, based on economic activity.

So it is simple self-interest, not selfishness, but a chance just as President Kennedy said in the 1960s, that a rising tide lifts all the boats, and as President Reagan said in the 1980s, that people can save, spend, and invest their money as they see fit, rather than keeping Washington in charge, or as President Bush said in Iowa yesterday: expand the recovery, take the lesson that we learned in the economic downturn, and even in the wake of the dark days, in the aftermath of 9-11 and the uncertainty we confronted then, and move to make the marginal tax relief and the other provisions that my colleagues have discussed tonight, Mr. Speaker, move to make that permanent so that we can continue to grow this economy and people will have the freedom and the flexibility to choose what is right for them, and they will not wait upon government programs for improvement, with educational opportunities, especially for those children with special needs, with the purchase of a home, with the starting of a business, with the raising of a family; indeed, every facet of American life, give people the freedom to recognize the money belongs to them.

Mr. Speaker, we made substantive changes in the Tax Code and it is a start, but we need to follow the call of our Commander in Chief who asks now that we finish the job, that we make these rate reductions permanent, so that the economic renaissance and the rebuilding and the restoration of our economic conditions toward greatness can continue. I thank the gentleman.

Mr. WELLER. Mr. Speaker, I would be happy to yield some additional time to the gentleman from Arizona, and I would like to ask the gentleman from Arizona a question. We have been noting in our conversation here about the

100 million Americans who benefit from what we call the Bush tax cut and that, of course, is the fact that there are 3 million Americans who, under the Bush tax cut, no longer pay Federal taxes, low-income families. Of course, if we fail to make it permanent, those low-income families are taxed once again, and that 79 percent of those who benefit from the top rate reduction are small business entrepreneurs. I am happy to yield the remaining time to the gentleman from Arizona.

Mr. HAYWORTH. Mr. Speaker, one fact which we should remember and which should give every Member of this House pause, if we fail to make these tax cuts permanent, then a decade hence, we will see the largest tax increase in American history eclipsing what we saw in 1993 under former President Clinton.

Mr. WELLER. Mr. Speaker, in closing, again, we have a very important vote on Thursday. Thursday morning this House of Representatives is going to cast a vote on whether or not to make what we call the Bush tax cut permanent. A vote against permanency is a vote for the biggest tax increase in the history of our Nation, or do we continue to help those 100 million Americans who benefit from the Bush tax cut who see their rates reduced, 3 million Americans who no longer pay taxes, couples such as Jose and Magdalene Castillo who will no longer pay the marriage tax penalty, but if the tax cut expires, they will once again, because people like the Castillos from Joliet, Illinois will once again pay the marriage tax penalty. Let us make it permanent. Let us do the right thing. Let us prevent the world's largest tax increase.

RAISING THE FEDERAL DEBT LIMIT

The SPEAKER pro tempore (Mr. JOHNSON of Illinois). Under the Speaker's announced policy of January 3, 2001, the gentleman from Indiana (Mr. HILL) is recognized for 60 minutes as the designee of the minority leader.

Mr. HILL. Mr. Speaker, this evening the Blue Dog Coalition will once again be discussing the administration's request that Congress raise the Federal debt limit, and that is what we want to talk about this evening. The Blue Dog Coalition, for those who are listening, is a group of about 30 Democrats who believe it is important for the Federal Government to be fiscally responsible; in other words, not to spend more money than it takes in. I think the American people, with their families, try to practice their own home budgets in the same way, and the Blue Dog Democrats have adopted this principle. Balancing our budgets helps us keep interest rates lower so that businesses and families can borrow money at lower interest rates. It is the only right and common sense thing to do. The Blue Dogs tonight want to talk about some problems that are going on

with our present Federal budget that I think the American people need to hear.

This past August, Secretary of the Treasury O'Neill wrote the first of three letters to Congress requesting an increase in the debt limit. In these letters, he asked for a \$750 billion increase. None of these letters, however, mentioned how long \$750 billion would keep the Federal Government in the clear. More important, none of the letters recognized the irresponsibility inherent in asking Congress to hand the administration a three-quarters of a trillion dollar blank check without also requiring it to explain how we are going to get back to balanced budgets and a Social Security surplus that is off limits.

Many of my Blue Dog colleagues have pointed out on past Tuesdays that the Federal debt limit is a lot like the credit limit on any credit card used by any American. The difference in this example is that the administration has hit its credit limit at \$5.95 trillion dollars, but not indicated a willingness to examine its own fiscal policies. Few things in life are certain, but I feel confident in saying that the average family in southern Indiana, if faced with a maxed out credit card, would step back for a moment and figure out how he is going to pay it off.

In early April, Secretary O'Neill sent another letter to Congress. This time he was writing to inform Senate and House leaders that he was tapping Federal Government retiree accounts, let me repeat that again, that he was tapping Federal Government retiree accounts in order to give the Federal Government the breathing room it needs to continue to meet its spending obligations.

Now, Mr. Speaker, in the private world, if a business tried to raid its pension fund and was found guilty of doing that, they would go to jail, but here we are doing a similar thing with government retiree accounts in order to give the government the breathing room it needs to continue to meet its spending obligations.

Six years ago, 225 members of the majority party voted to reprimand and prohibit then-Secretary of the Treasury, Robert Rubin, from taking these same actions. Now, one could argue that the old saying, what is good for the goose is good for the gander is in order here. Even if one-quarter of the 147 who remain in the House had been moved to action by Secretary O'Neill's recent maneuver, there is little doubt in my mind that together we would have already sat down to discuss some kind of compromise, a plan to, one, raise the debt limit enough to get the government through this fiscal year; and two, to get our budget back in balance without relying on Social Security surpluses.

Historically, partisan squabbling has characterized the debate over whether to increase the Federal debt limit. There are many Blue Dogs, however,

who would like to put an end to political gamesmanship and get down to business. We do not believe in political brinkmanship, especially when the ability of the United States Government to continue to meet its lawful financial obligations is on the line.

No one among us is suggesting that the Federal Government be allowed to default on its debt. Secretary O'Neill's recent tapping of the Federal employee retirement funds, however, does not change the fact that we are bumping up against the debt ceiling. In fact, action is still needed and the Secretary now has one less accounting trick up his sleeve. As of this evening, the administration has put only one option on the table: raise the debt limit by three-quarters of a trillion dollars. That is it; that is the only option.

In early 2001, it was projected that the debt limit would not need raising until 2008. Let me repeat that. In early 2001, last year, it was projected that the debt limit would not need raising until 2008. Even though the administration has requested an increase in the debt limit far sooner than we expected, there has been no talk about its evaluating its own budget policies, no talk about fashioning a plan to get back to a balanced budget without using the Social Security surpluses, and no talk that maybe, just maybe, we have a problem here that needs to be dealt with.

The basic Blue Dog position has not changed. We still say that along with any action on the debt limit must come a recognition that we have a problem and a plan to correct that problem.

The current budget situation is like the elephant living in the living room. He is there and he is larger than life, but very few, if any, of our colleagues on the other side of this aisle, they will not acknowledge him. Several of my Blue Dog colleagues and I have been, over the past couple of months, trying to alert everyone who will listen, to the elephant's presence. Rest assured that we will keep coming down here to the floor and pointing him out until everyone acknowledges that he exists and he is in the living room.

This elephant, unfortunately, comes with his own set of numbers. In one year, the projected 10-year surplus decreased \$4 trillion. The Federal Government will run a deficit, both this year and next year. Because of these deficits, the Federal Government will have to borrow money to pay its bills and, to pay these bills, the government will borrow almost \$2 trillion more this decade than was expected when the CBO published its numbers in January of 2000.

□ 2100

All told, by the time the interest payments are added in, the national debt will be almost \$3 trillion larger than earlier projected when the 10-year budget closes. And, to top it all off, Social Security surplus dollars will be

used to help balance the budget through the end of the decade. This is our problem: The elephant is a fiscal house not in order.

Last year, the Blue Dogs presented a plan that was prudent, fiscally responsible, and dealt with the future of both Social Security and Medicare. Our plan would have cut taxes and paid down the debt. Unfortunately, we were not successful in passing our plan.

Now we are being asked to greenlight an additional three-quarters of a trillion dollars in debt to help implement the plan that carried the day. That is too much to ask when we have not at all yet acknowledged the elephant in our midst.

The conventional wisdom here in Washington is that the long-term increase in the debt limit will be attached to the supplemental appropriations request. This \$27 billion supplemental spending request to fund the immediate needs in the war on terrorism is very obviously important. The war is important, and we need to fund it. From the beginning of this war campaign, we have been supportive of doing whatever it takes to make sure our fighting men and women can do their jobs. But pairing an increase in the debt limit to this important bill is not necessary. In fact, it could complicate consideration of the supplemental request.

So as members of the Blue Dog Coalition, we are ready to sit down and work with the administration to come up with a plan to get our budget back in balance without using Social Security surpluses, and provide for a short-term increase in the debt limit. It is time for all of us, Democrats and Republicans, to roll up our sleeves and get the work done.

Mr. Speaker, it is my pleasure to yield to the gentleman from the great State of Utah (Mr. MATHESON), another member of the Blue Dog Coalition, a new member who has done an outstanding job on the Committee on the Budget.

Mr. MATHESON. Mr. Speaker, I thank my colleague, the gentleman from Indiana, for yielding to me, and also I appreciate the very good description he has given of the circumstances we are finding ourselves in.

This is not an easy circumstance. It is a challenge we face. The answers to this challenge are not simple.

If they were simple, we probably would have already taken care of it, but we have not. Instead, we find ourselves in a circumstance where our country has a war on terrorism, our country faces increased requirements in terms of providing for homeland security, and those are issues that we as Blue Dog members support. We fully support that effort.

We are also in a recession. We are hopefully coming out of that recession right now.

But those factors, the increased resources going to the war on terrorism and to homeland security and our

country's recession, have clearly put us into a circumstance where right now we are running a deficit this year.

I do not like deficits and I do not like debt. I think most members of the Blue Dog Coalition, in fact, I think all members of the Blue Dog Coalition, would agree with me on that. But we recognize that there are times in the short term where it is appropriate, in extraordinary circumstances. Being at war, in a recession, it is appropriate to see a deficit.

But just like in the business world, there are times when we have a bad year and maybe we put more money out than we pay in revenue; but in the business world, if we keep doing that year after year, we get in trouble.

The problem here is we do not have a plan yet for how we are going to get out of the problem. For the administration to request an increase in the debt limit of \$750 billion, I have to tell the Members, we throw a lot of numbers around in this town, but that is a lot of money. To suggest we raise the limit by that much without identifying any plan for how we are going to end this pattern of increased deficit spending, that is just not being responsible, and that is not really what my constituents elected me to do.

I am not here to force this country to face some type of problem that they are not able to pay off their obligations. I would be more than happy to support a short-term limited increase in our debt limit to accommodate the current circumstances we are in, where the war on terrorism and the recession have clearly put us into a deficit situation. I will accept that for the short term. The Blue Dog Coalition is prepared to support a clean, limited increase in the debt ceiling to accommodate that purpose in the short term.

But what we have to have happen along with that is a commitment to sit down and really take on this long-term problem. There are no easy solutions, as I said at the outset. It is going to require a lot of work, a lot of work by people on both sides of the aisle.

That is why I have to suggest that I am really proud to be part of the Blue Dog Coalition, because I think the Blue Dogs really have a reputation for sitting down, rolling up their sleeves, and putting their plan out on the table. We do not try to use a lot of rhetoric, we try to talk about real numbers, and we welcome people to sit down with us and tell us where we are wrong, because we are open to a dialogue and we are open to suggestion. I wish more people in the House would take us up on that offer, because this problem we face right now is a serious one, and it is one that is of great concern.

I look at this issue, quite frankly, as I look at a lot of issues, through the eyes of my 3-year-old son. I try to think about what life is going to be like for him. I think about the extra burden we are placing on his generation as we rack up more and more debt, and a bigger slice.

Do Members know those pie charts we always see, where that slice of the pie that represents interest payments is just going to keep expanding? That is not a future I want to leave for my son. I do not think it is a future anybody in Congress would want to leave for the next generation, and that ought to be the focus that we have right now as we make those decisions.

When we talk about this debt limit issue, I often like to refer to an experience I had before I came to Congress, in the private sector. I worked developing independent power plants, co-generation facilities. I developed a couple of facilities, and each cost \$100 million. I had to go out and convince a bank to lend me money to build those power plants. That bank required me to have a story that I could tell them, a story about how, over the long run, they were going to get their money back.

That makes sense. We can all relate to that. Whether we have been in the business world and had to borrow a business loan, or whether we have taken out a home mortgage or a car loan, we have to pass a test. We have to be able to have a story about how I have the capability to pay that back.

We are being asked to raise this debt limit \$750 billion, and we do not have that story. We are here as Members of Congress. We are the banker here. We have to represent the people's interest in making sure there is a story about how this is going to be paid back. Until we have that, it is just not responsible. It is not responsible to raise this by \$750 billion.

So I am so pleased that the Blue Dog Coalition has made this an issue. We keep coming here to the floor to raise this issue, because we are looking for people to work with. We are looking for an opportunity to sit down and roll up our sleeves.

We recognize the magnitude of this problem and the complexity of this problem. There is no easy way out. We cannot do it alone, so we call on everybody on both sides of the aisle: Please, let us sit down, let us develop a long-term plan. Let us not be irresponsible and just give a blank check to Congress and to the administration to rack up another \$750 billion of debt with no way out of that pattern.

Mr. HILL. Mr. Speaker, I thank the gentleman from Utah for an outstanding presentation.

One of the things that I heard the gentleman talking about was that we are not opposed to raising the debt ceiling. There is a war going on, and there are certain responsibilities that we have to think about. That is one of them.

But one of the reasons why I like the Blue Dogs so much is they are a group of Democrats that are responsible. It is responsible to raise the debt ceiling to fight the war, but it is also our responsibility to have some kind of a plan. Right now, there is no plan.

Mr. Speaker, I have come to know the gentleman from Illinois (Mr.

PHELPS) very well for the last going on 4 years now, and he is a man with a distinguished record in the Congress of the United States, and one of the outstanding Blue Dogs who feels very strongly about this issue. I yield to the gentleman from Illinois (Mr. PHELPS), a person that I came into Congress with back in 1998, and a person who serves on the Committee on Agriculture and the Committee on the Budget.

Mr. PHELPS. Mr. Speaker, I thank the gentleman for yielding to me. I thank my friend, the gentleman from Indiana, for his leadership and his persistence on this issue.

I would also like to thank my colleagues on the Blue Dog Coalition for giving me the opportunity once again to speak on this important issue.

We, as the fiscal policy leaders of this great Nation, have a responsibility to look out for future generations. How can we say that we are doing our best to look out for our children when we are not keeping our commitment to save the Social Security and Medicare trust fund surpluses?

We need to be fiscally responsible. My Blue Dog colleagues and I realize that. That is why we are spending these hours and these weeks trying to drive this point home.

It should not be hard for others to understand that, as well. Fiscal responsibility does not mean raising the debt limit when we are already in debt by \$5.9 trillion. Fiscal responsibility does not mean tapping into the Social Security trust fund to support other government programs every year for the next 10 years, for a total of \$1.5 trillion. Fiscal responsibility means working together as a team on both sides of the aisle to get the budget back in check without tampering with our Social Security surplus.

I completely understand that our Nation is in a different place than we were 7 months ago, and we need to be effective and properly fight this war on terrorism. I believe we are. We stand behind this President and his Cabinet to do this.

However, we should be able to come up with a solution that battles the war against terrorism without taking away from crucial resources here at home, resources that our citizens depend on and resources that our children are counting on us to protect. Social Security funds belong to the people that paid them out of their own hard-earned dollars, just like they have all the other taxes they have paid.

I have heard much around here about giving back money to the taxpayers. These are their dollars they have entrusted us, their government leaders, to save for the purpose for which they were intended. But there are those around here who want the taxpayers to believe that there is enough money to return taxes from the same source twice, and then try to convince them that Social Security can remain solvent and do all this other good stuff we

claim we are going to do. That just is not so.

I want to pay down the public debt, balance the budget, give tax cuts that are affordable and reasonable, as I have voted, such as repealing the estate tax and the marriage tax penalty, those that are affordable, and that we can make Social Security then solvent.

But all of this cannot be done if we travel down this path and this policy direction. We must be honest with the American people, the citizens of this Nation, and level with them from the standpoint of what is realistic.

There is a big price to pay for strong leadership, and to be responsible. It is not easy, coming before the American people and telling them that those on both sides of the aisle emphasized the point just this time last year that the Social Security money and the Medicare trust fund were in a lockbox, locked away where we would not touch it. But now we are saying that we have enough money to do all this by projecting 10 years in the future the rosier forecasts that reflect the best the economy ever has been in our history, without acknowledging what has happened to us after September 11, and without acknowledging the loss through the recession and the tax cuts that we did a year or so ago.

Now we are talking that we can do all of this, keep it solvent, and still look the public in the face and say we are being honest about the budget. This is not so. It is my responsibility to tell the truth, because I did not take it lightly when I took that oath of office and said that I would deal with the facts as I see them and the truth as I know it.

That is why I feel so strongly about this issue tonight, and want to communicate it in the best terms possible. It is a complex situation, but we must face it. This is your money, too. We said we should save it for the purpose for which you gave it, not say it is a tax return that we can ignore, building up the debt at the same time, and never communicate truthfully.

Mr. HILL. Mr. Speaker, I thank the gentleman from Illinois for his remarks. He is exactly right, that this is people who paid their payroll taxes. It is their money, and we should be making sure that we preserve it for them in their retirement years, and not be using it for other things.

□ 2115

I would like to call on one of the deans of the Blue Dog Coalition, a man I have really come to respect very much. He is a leader on this issue, leader on the Committee on Ways and Means, a leader for the Congress of the United States. So I would like to yield some time to the gentleman from Tennessee (Mr. TANNER).

Mr. TANNER. Mr. Speaker, I come tonight to talk about debt. That seems to be the topic of the day, and I have got to tell my colleagues, I watched the previous hour and I was thinking

all of the time I was watching that these are the same folks that last year touted the tax plan as presented and now tonight say, oh, no, it is terrible because it was not permanent. We were criticized last year, but let me talk about what is happening in this country.

My colleagues are seeing a group, a minority within a minority really, the Blue Dog Democrats, my colleagues are seeing a group emerge from all of the rhetoric here in this town, partisan rhetoric. They are seeing a group emerge that has some credibility on the debt. What was missing and what is missing and what will be missing on Thursday morning when we talk about making the tax cut bill that the House passed last year and the Senate passed last year permanent, what they do not say is that we have right now in, and the citizens of this country right now last year paid \$360 billion in interest on a revenue total of \$1.991 trillion. This comes out of a CBO publication of March of this year.

That is an 18 percent mortgage on this country. There is no business in the world, in America or anywhere else that I know of, that can withstand an 18 percent mortgage on their inventory, on what they are doing in terms of their business. If we take away the interest on the debt that was paid as far as Social Security goes, we have a net total of \$206 billion, which on non-Social Security revenue, amounts to 16 percent. Said another way, this country right today has a 16 percent mortgage on it that we all have to pay.

Now, if we want to ensure and people want us to ensure that not only those that are my age but my children and my grandchildren will be overtaxed all of their lives and all of the foreseeable future, then keep us on the road of the Republican policies that have been enunciated here and will be enunciated here Thursday, and that basically is we are going to spend more because we are in a war, which we should. We are going to do a tax break for those of us in my generation passing on to those who are in uniform tonight in Afghanistan, fighting the war and their children. We are going to borrow money so that we can have a tax break to spend more money, knowing we have an 18 percent or 16 percent, whichever figure we want to use, mortgage on this country.

If people want to make sure that we are going to be overtaxed as an American public for the rest of our lives, then continue down the Republican policies. Because what it means is it means cut taxes now, spend more and borrow, and borrowing means interest and that interest has got to be paid before we do anything, before we have a missile system, before we have a submarine, before we have an aircraft carrier, before we have an interstate highway. Before we have anything, we have got to pay the interest.

If my colleagues want to make sure that we are going to overtax ourselves

and those who follow us for the rest of their lives and ours, then just follow down this road and borrow more money and borrow more money, and we will make sure, we will make very sure that we are overtaxed and they are overtaxed as follows.

This is something that they do not say. Nikita Khrushchev once said that an American politician is a fellow that likes to promise to build a dam or a bridge where there is no river. This is not easy stuff, to stand here and say to the American public we cannot do what some of these people around here want to tell them that we can do.

We cannot spend the money that is necessary to win and fight, fight and win the war on terrorism. We cannot cut taxes for everybody in this land right now and spend that money without borrowing money to do it, and when we do, we are making a mistake that I think generations will pay for because that interest keeps going, whether someone is on vacation, whether someone is sleeping, whatever they are doing they have got to pay the interest.

People know that and so I am proud that the Blue Dogs took this hour to talk about fiscal responsibility. There has not been in my mind a sitting down and talking about prioritizing what we have to do. We have got to win the war on terrorism. Whatever it takes, we have got to do it. We are willing to do that, but by gosh, to cut taxes on somebody making \$50 million a year at the same time my colleagues are trying to ask everybody else to sacrifice is simply not right. It is not right generationally.

We do not want to leave this country to our children with rivers and streams that fish cannot live in and kids cannot swim in. We do not want that. We did not inherit that and we sure do not want to leave it. We do not want to leave a country where kids have to wear a hospital mask to ride their bicycle because the air is so polluted that they cannot breathe unless they have a mask on. We did not inherit that, and we do not want to leave that. We did not inherit a country that was broke, and I do not want to leave my kids a country that is broke.

If we continue down the path we are going, where we are spending more, cutting revenue, and borrowing more so we pay more interest, that is exactly the formula that we have been asked to pass, and I just think it is wrong. I think it is wrong generationally, not only to people, our contemporaries, but it is wrong to our children, and I hope that we can, the Blue Dogs and others who are here with us tonight, can impress on the American people that it is not easy to be against tax cuts.

It is not easy to be against more spending, but there has to be priorities given to what we need, and we are willing to cut and cut spending any way we can to make sure that we are doing the things only that are necessary, but we

have got to have the revenue to pay for what we want. If we are not willing to do that, then I think we are generationally immoral with regard to what we are giving to our children.

I appreciate the gentleman taking this time. I do not know if anybody is listening to what we are saying or not, but when we have got an 18 or 16 percent mortgage on this country and we do not make any attempt to get back in the black, I think what we are doing is passing the buck, and I think that is wrong.

Mr. HILL. Mr. Speaker, reclaiming my time, would the gentleman agree that it was just a couple of years ago when we began to reverse this trend of debt, the United States Government incurring debt, we were actually running a surplus, and would he agree within a very short period of time, say within the last 12 months, we have completely reversed that policy of surplus budgets into deficit spending once again?

Mr. TANNER. Mr. Speaker, I would agree, but whether I agree or not, I think the facts speak for themselves. Last year at that time we were told there was money as far as the eye could see. We had a \$5 trillion surplus. That did not come true.

The budget that the President submitted shows red ink for the next 10 years. Once this interest figure gets up 20, 25 percent, I have never seen a country that was proud, free and broke. There is not one on the face of the earth, and we are going broke under these policies, and people are going to begin to realize that I think that, unlike maybe public perception now, at least when it comes to the Blue Dog Coalition, there are some Democrats around here that are more fiscally and financially responsible than all the Republicans who want to tell my colleagues, as they have, we are going to cut taxes, increase spending, but they do not say more borrowing, and more borrowing means more interest, and more interest means more taxes from now on, forever.

Mr. HILL. Mr. Speaker, I thank the gentleman for his leadership on this issue. The gentleman from Tennessee can say it just about as good as anybody in the Congress can say it, and he is exactly right, and his leadership on this issue is very much appreciated.

I would like to call on a freshman Member of Congress who has asserted himself as a rising star in the Congress of the United States, the gentleman from California, (Mr. SCHIFF).

Mr. SCHIFF. Mr. Speaker, I thank the gentleman from Indiana for yielding and for his leadership and the bipartisan ethic he has brought to this House, which has certainly been a model for this freshman.

Once again, I join my Blue Dog colleagues on the House floor tonight to bring attention to an issue that has long-term implications for our Nation's future. The administration has come to Congress asking us to raise the debt limit by \$750 billion. This request

comes to us a full 7 years earlier than was predicted when the budget was submitted just last year.

The request to raise the debt limit presents us with an ideal opportunity to re-examine our long-term budget priorities and particularly our commitment to protecting the Social Security surplus.

Perhaps second only to the hanging chad, the enduring political buzz word of the 2000 election, was "lock box." It seems almost quaint now to think back about lock box, but this Congress and the President promised the American people that the Social Security trust fund surplus would be placed in an iron clad box and used solely to fund the retirement of the baby boom generation. Do my colleagues remember that? Democrats and Republicans all agreed on this. The inviolable lock box.

Here we are now with a budget that promises to break that lock box wide open regardless of the long-term fiscal consequences.

Social Security faces a serious financial crisis, and this budget would do away with the lock box entirely and allow the surplus to be raided to pay for tax cuts and additional Federal spending. The primary source of the Social Security revenue is the payroll tax paid by millions of American workers and their employers.

According to the 2001 Social Security trustee's report, Social Security outlays will exceed payroll tax revenues in less than 14 years. By 2025 Social Security will face an annual cash shortfall of \$400 billion. An annual cash shortfall of \$400 billion. By 2038, the last year the trust funds are technically solvent, the annual shortfall will be over a trillion dollars.

Despite these ominous numbers, the administration's budget, according to the Office of Management and Budget, will consume the entire trust fund surplus in just a few years. This debate is not about whether Social Security needs reform. It does. This debate is not about whether preserving the trust fund surplus will save Social Security in the long term. It will not.

This debate is about common sense and fiscal responsibility. It is common sense that we should not in any way consider tampering with the trust fund before Congress agrees to and passes Social Security reform legislation. Spending the surplus will leave our children holding the bag. They will have to pay for the unfunded obligations that build up in the Social Security trust fund if we spend the surplus, and to pay for these obligations, the Treasury will step in, pay the entitlement, and to come up with that cash, Congress will have to cut spending, raise taxes, or borrow even more as if the trust funds had never existed, and our children will pay the consequences. They will have to deal with our lack of fiscal responsibility.

This Congress cannot afford to take such a risk in light of the fiscal challenges that we face in the next 10

years. Social Security is the most successful government assistance program ever. Millions of senior citizens rely on it to survive. Millions of working Americans are currently paying Social Security taxes, expecting their money to be used for its intended purpose, and we understand that we are now faced with the challenges of fighting a war and bringing our country out of this economic slowdown.

We have accepted this reality and we are willing to work together to develop fiscal policies that reflect our wartime needs, protect the Social Security trust fund and set our country back on the path toward fiscal responsibility.

□ 2130

Mr. Speaker, while we examine the need to increase the national debt, we must tread carefully and remain constantly aware of the burden we are placing on future generations because this debate is about more than our current economic situation. It is about what we will pass on to our children and to their children. We must continue to work in a bipartisan way to return to a balanced budget and fiscal discipline without using the Social Security surplus. This is a promise we make, and a promise we must keep.

Mr. HILL. Mr. Speaker, I thank the gentleman from California (Mr. SCHIFF) for his outstanding remarks and his leadership.

The gentleman was talking about Social Security and how important it is and how we need to preserve it for our senior citizens and to protect it. I was in Columbus, Indiana, in a retirement home about a month ago; and I was talking to some retirees in that home. One of the senior citizens spoke up to me and asked a question, Where does Social Security come from? My reply to her, It comes from payroll taxes. And she said, Who pays the payroll taxes? And I said, People who work and employers.

She said, What gives the right for people in Congress to steal our money then if we pay the taxes? She is exactly right. If we are spending Social Security surpluses for things other than Social Security, we are in effect stealing that money. Strong words on her part that makes some sense.

At that same meeting was a good friend of mine who is going to be the next Speaker, the gentleman from Maryland (Mr. HOYER), who is the ranking member of the Committee on House Administration, and the other night his basketball team from Maryland beat my basketball team from Indiana University. And if there was going to be any team that beat the Hoosiers, I would just as soon it be the team of the gentleman from Maryland.

Mr. HOYER. Mr. Speaker, I thank the gentleman for yielding and for being such a great sport and a representative of such a great team with such a great coach with Mike Davis, their coach handling himself so well. We are proud of the job he did.

Mr. Speaker, 1 year ago President Bush and congressional Republicans promised us that we could have it all. They said we could afford the largest tax cut in a generation and still be able to invest in domestic priorities, strengthen Social Security and Medicare, and pay off our publicly held debt. When we Democrats questioned whether we could afford the President's \$1.7 trillion tax cut, and that is absent the additional interest we have to pay, which the gentleman from Tennessee (Mr. TANNER) talked about, and still pay down the debt, our Republican colleagues responded there was a danger in paying off the publicly held debt too quickly.

Well, worry no more because we are not in any hurry to pay off any debt. In fact, we are in a hurry to incur a lot more debt. The OMB now projects that our national debt, which includes publicly held and intergovernmental debt, will approach \$7.8 trillion by the end of 2007. That is \$275 billion more debt than was projected at the beginning of last year. Just this month after congressional Republicans again rebuffed the request of the Secretary of Treasury, Mr. O'Neill, to increase the statutory debt limit of \$5.59 trillion by \$750 million, the administration was forced to borrow Federal employee retirement funds to ensure that the government meets its obligations. In other words, Federal employees' pension dollars are now funding government. The gentleman from Indiana (Mr. HILL) spoke of that earlier in his remarks.

Do Members remember the last time that happened? It was back in 1995, and the GOP was blocking an increase in the debt ceiling in an attempt to get President Clinton to sign their budget. Treasury Secretary Rubin used the same short-term device that Secretary O'Neill is using to avoid a default. How did congressional Republicans respond? They reprimanded him. They threatened to impeach the Secretary of Treasury, and former Speaker Gingrich derided the tactic as "looting." The gentleman referred to stealing Social Security funds. Mr. Gingrich, the Speaker of the House, said that what Bob Rubin was doing so we would not default in the payment of the monies that the richest Nation on the face of the earth owed, that he was prepared to say that he was looting the Treasury.

I have not heard one Republican come to this floor and say that Secretary Paul O'Neill is looting the Treasury. Now, I represent 58,000 Federal employees. I do not think we ought to be doing this policy; but frankly, we have an obligation to pay it back, and I think we are going to do that. But the fact of the matter is if Secretary O'Neill did not do it, this government would default on its debt. If that happened, the finances of the world would be put at risk.

Republicans, when Secretary O'Neill did it, neither criticized the administration for doing precisely the same thing that Secretary Rubin had done,

and which sent them in orbit 7 years ago, nor accede to an increase in the debt ceiling. In other words, they do not want to make sure that we do not default, and they do not want to raise the debt. That is the definition of irresponsibility. That is the definition of pretending you are doing something when you are doing just the opposite.

My good friend, the gentleman from Tennessee (Mr. TANNER) said it exactly right. If we defaulted, interest rates would skyrocket. Average people, no matter how deeply their taxes were cut, could not afford their mortgage payment, particularly if they were an ARM, an adjustable mortgage. They could not afford to buy consumer goods with interest because interest rates would skyrocket. That would be an irresponsible policy, but it is the policy that we are pursuing today.

In what can only be described as a perverse twist, House Republicans intend to bring legislation to the floor in 2 days that will make last year's tax cut permanent and drive us even deeper into the fiscal ditch.

Mr. Speaker, I am not a Blue Dog; but I support much of what the Blue Dogs support, particularly as it relates to fiscal policy. Why? Because it is fundamental that if we do not manage our finances responsibly, we will not manage anything else responsibly. In just 15 months, our Nation has experienced the worst fiscal reversal in the history of the world; \$5 trillion in projected surpluses have evaporated. Think of that. President Bush stood at this podium 12 months ago in February of 2001 and predicted, he said he was assured we were going to have a \$5.6 trillion surplus over the next 10 years. We said you better be careful. That is a long projection to make. You ought not to mortgage the farm based on what you think your income is going to be 6, 7, 8 years from now.

A month ago President Bush came to that same podium, presented a budget, and lo and behold the surplus he now projects over that same 10 years is \$1.6 trillion. That is \$4 trillion less. What he does not factor into that is because we have less surplus and are going into debt, we are going to have an additional \$1 trillion in interest. We heard the gentleman from Tennessee (Mr. TANNER) talking about that, which means we have lost \$5 trillion in 12 months.

I wish Ross Perot would start having infomercials on that issue. It is critical. We cannot operate this great Nation with our responsibilities to our own citizens, and in the international community, operating as fiscally irresponsibly as that. Five trillion dollars. Our debt is climbing again, and according to the Congressional Budget Office, our on-budget accounts will be in deficit every year for the next 10 years, producing a total on-budget deficit of nearly \$2 trillion.

Now, the gentleman from Indiana (Mr. HILL) talked about our policies in the 1990s. They are instructive because

in 1992 we had a \$292 billion annual operating deficit. We could not, nor should we have sustained that. So we came in in 1993, and we adopted a program. It cut spending deeply and it raised taxes. Some people would say that is an awful thing to do. What does raising taxes mean? I do not mean raising them in terms of increasing them. It means this generation is committed to paying for what it buys.

My position is if we do not want to pay for it, we ought not to buy it. I do not mean that we ought not to buy an aircraft carrier that we can amortize over 40 years. It is like buying a house, you mortgage it and pay it over time. We ought not to be paying for salaries that are used this year with borrowed money. That is how New York went bankrupt and we had to bail them out. We need to be responsible.

There is an extraordinary American sitting on the floor with us. He is the gentleman from Nebraska (Mr. OSBORNE), one of the greatest football coaches in the history of this country. He taught his young people fundamentals. He did not teach them to make some hail Mary pass, he hoped that would happen from time to time. What he taught them was how to block, how to tackle, how to run, how to watch what the other fellow was doing, how to learn your plays. He taught the fundamentals. He was convinced if those young people knew the fundamentals, they would win games. Because, as Gary Williams knows, as Coach Smith knows, if you teach young people the fundamentals, they will win games because they will do it right. And sometimes, yes, they will do something spectacular.

But a nation, a nation needs to pay attention to its fundamentals as well. Do any of my colleagues in this Chamber remember what the majority leader said last July? I talked about the President 12 months ago. Last July the gentleman from Texas (Mr. ARMEY), majority leader of this House: "We must understand that it is inviolate to intrude against either Social Security or Medicare; and if that means foregoing, or as it were paying for tax cuts, then we will do that," said the gentleman from Texas (Mr. ARMEY).

We are now some 9 months later. On Thursday, we are not going to do that. In our budget that we passed, not with my vote, just a few weeks ago, we did not do that. We preached fundamentals, but we are not playing fundamentals. And the losers will not be, frankly, any of us who sit on this floor. It will be our children and grandchildren, and it will be the fiscal integrity of this great Nation.

That promise turned out to be as empty as the GOP's lockbox stunt last year. The rally is that the Republican tax cut is the single largest factor in erasing our surpluses. Do we need to pay for the war on terrorism? Absolutely. Is it going to cost us more money than we expected? Yes. Should we follow that policy? Of course we

should. We are in lock step with our President in confronting those who would undermine our security and safety in this land, and, very frankly, in other lands as well.

However, the Social Security and Medicare surpluses which were critical, as the gentleman from Texas (Mr. ARMEY) said, and would not be touched, are in fact going to be used 100 percent.

I have some other things to say about this policy, but I want to close with this. David Stockman in 1981 became director of the Office of Management and Budget.

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He came in with a roar, like March, I suppose, and he was going to see that this budget was balanced. In fact, Ronald Reagan, when he signed the Reagan program in 1981 said the budget is going to be balanced by October of 1983. Or perhaps it was 1984.

In any event, it did not happen. Mr. Stockman, of course, was the director of OMB the same year I was elected to Congress. His mandate, sell President Reagan's supply side economic program. President Reagan assured us, as I said, that by fiscal 1984 we were going to balance the budget. We did not. Instead of producing increased revenue, the Reagan tax program threw us into fiscal freefall. The budget deficit, just under \$79 billion in 1981, exploded until, as I said before, peaking at \$290 billion in 1992. As David Stockman himself later admitted, and I quote, David Stockman, OMB director, "I knew that we were on the precipice of triple digit deficits, a national debt in the trillions and destructive and profound dislocations throughout the American economy."

David Stockman, in his book, looked back on his service with lament because he knew where we were going. My friends, it is clear where we are going if we continue to pursue these policies. What the Blue Dogs are saying is that we need to work together, not Republicans and Democrats, but 435 of us, elected by our people, to responsibly manage their country, their dollars, their hard-earned wages. We need to commit ourselves to doing that. I commend the Blue Dogs for their leadership on this most critical fundamental responsibility of this Congress.

Mr. HILL. I thank the gentleman from Maryland for that strong presentation. The gentleman has been in the Congress for quite some time and has an historical appreciation for the events as they have unfolded on this particular issue. His presentation was an exposure of the truth. That is what we need more of in this institution. I just cannot say enough about that strong presentation. I am glad that though he is not a Blue Dog Democrat, he has the same feelings that we do about this issue and I appreciate his comments.

Another Member who is not a Blue Dog Democrat is the gentleman from Wisconsin (Mr. KIND). He has asked to

have a few minutes to share with us about this very important issue. I yield to the gentleman from Wisconsin (Mr. KIND).

Mr. KIND. I thank the gentleman from Indiana (Mr. HILL) for not only grabbing this hour for an important conversation and debate that we are going to be having later this week but for the leadership that he has particularly shown on fiscal responsibility, maintaining fiscal discipline. He has been very active in both the Blue Dog and also the coalition of which I am a member, the New Democratic Coalition. We have a lot of overlap in the membership between our two groups, and it is because we are basically fiscal soulmates.

When it comes to the issues affecting the public purse, the Federal budget, both of our groups, the New Dems and the Blue Dogs, believe very strongly in maintaining fiscal discipline, keeping our eye on taxpayer dollars, trying to promote policies that will best position this Nation to deal with the challenges of the future, which to me seems the looming budget debt and the implosion that is about to occur starting next decade. Of course I am referring to the 77 million Americans who are all marching virtually simultaneously to their retirement, the so-called baby boom generation, who will start entering into the Social Security and Medicare trust funds.

Yet this week we are going to have a very important policy debate in regards to whether or not this Nation will have the resources to deal with the greatest fiscal challenge we face, that is, this aging population and the burden it will place on the Social Security program, the burden it will place with rising health care costs and how do we maintain some common sense and fiscal discipline to deal with that.

I am very concerned. It is almost like *deja vu* all over again, pursuing the policies of the 1980s where we had large tax cuts being proposed and enacted which left us in annual structural deficits year after year, adding to the \$5.7 trillion national debt that we now have rather than maintaining the fiscal discipline which was needed. For me, and I believe for a lot of people in this Congress, one of the keys to future economic growth and prosperity, and it is something we hear constantly from Chairman Greenspan when he is testifying, is keep your eyes on the effect fiscal policy has on long-term interest rates. They have consistently testified, and the history of fiscal policy shows, that when you start racking up deficits again, adding to the national debt rather than subtracting from it, having the public sector squeezing the private sector for the limited resources in order to finance ongoing government operations, it has an adverse effect on the bond market and it leads to long-term interest rates going up rather than coming down, which is a hidden tax then on all Americans, whether they are wealthy or middle-income or

low-income Americans, because of the additional expense it will take for them to borrow money, whether it is for home payments or car or credit card payments or to invest capital in businesses. It is the long-term interest rates we need to keep an eye on.

The best thing we can do as an institution here is to maintain sound fiscal policy, reduce the national debt which will help reduce those long-term interest rates and really set us on the course for long-term economic prosperity. This is a serious issue. One of the concerns I have is that the majority party in the House and the party at the White House right now are pursuing policies that are not enabling our country to best position ourselves for the challenges of the future. That is what has to change.

I think people back home are beginning to realize that the tax cut that was enacted last year is being financed now through the collection of payroll taxes, FICA taxes, additional moneys that are supposed to be going in and guarded in the Social Security and Medicare trust funds, but which are now being raided in order to finance these tax cuts. If anyone last year would have been told that this would be the reality, that we would be passing tax cuts for some Americans and paying for it through the collection of payroll taxes that are supposed to be going into these trust funds, they would have thought it was crazy economic policy to pursue. But given the economic slowdown, the change of events of last September, that is, in fact, the situation.

I think it is time for groups like the Blue Dog Coalition and the New Democratic Coalition to stand up and start making an issue of this. I commend the gentleman from Indiana (Mr. HILL) for his leadership and for the time he was able to get this evening to talk about this very important issue.

Mr. HILL. I thank the gentleman from Wisconsin for joining us here this evening.

ENDANGERED SPECIES ACT

The SPEAKER pro tempore (Mr. JOHNSON of Illinois). Under the Speaker's announced policy of January 3, 2001, the gentleman from Nebraska (Mr. OSBORNE) is recognized for 60 minutes.

Mr. OSBORNE. Mr. Speaker, I represent a very large rural area in Nebraska. Ninety-seven percent of this district is privately owned. Currently landowners are very concerned about property rights and they are especially concerned about the Endangered Species Act, because this Act can be tremendously invasive.

Currently, I believe there is a crisis of confidence regarding the administration of the Endangered Species Act. I am going to mention just a few things here that have happened that have led to this crisis of confidence. First of all, the Klamath Basin situation that hap-

pened a year ago, the water, the irrigation water for 1,400 farmers was cut off abruptly.

Of course, what this did was to cause a great deal of financial hardship. There were two types of suckers in Klamath Lake, and coho salmon in the river below that were supposedly to be protected. As a result, the farmers lost their crops, some lost their farms, land values declined from \$2,500 an acre to \$35 per acre in that particular area. Oregon State University estimates that the loss of water cost the economy \$134 million in that particular area. And so this was a tremendously costly and a very invasive situation that occurred.

Of course, to make matters worse, recently the National Academy of Science, in an independent peer review, ruled that there was insufficient data to justify the decision to shut off the irrigation water in the Klamath Basin. In other words, they have more or less said that this was something that should not have happened. Factors other than the lower levels in Klamath Lake were endangering the sucker fish and actually the larger releases of water, the irrigation water that normally went down the irrigation canals, was released down the Klamath River supposedly to help the coho salmon and actually because this water was warmer, the National Academy of Science indicated that these larger releases actually harmed the coho salmon. So it was the reverse of what they had tried to accomplish.

Secondly, more recently, in a congressional hearing, we heard from people from Fish and Wildlife and the Forest Service and these officials were asked to testify, because seven employees of these agencies and a Washington State agency also falsely planted Canadian lynx hair in the forests of Washington and Oregon. You might ask, why in the world would somebody do this? Why would you go out and bother to take hair from a captive lynx and plant it in widespread areas? Apparently this would result in a wider declaration of critical habitat for the Canadian lynx and they must have felt in some way that this would have helped preserve the Canadian lynx.

Obviously, it was a falsehood and, according to testimony, others within government agencies were aware of the planted lynx hair and did not report it. The interesting thing was that after all of this happened, the guilty parties were subjected to counseling as a punishment, and most of them received their year-end bonuses and raises. And so you would think, well, what kind of a message are we sending if somebody falsifies data and yet practically no consequences occur as a result of that falsification?

Recently, the National Park Service also indicated some false and inflated numbers of visitors to national forests from an actual count of 209 million visitors to our national forests, and they reported 920 million visitors which was roughly a 400 percent increase, an inflation, that was false.