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WORLD BANK, OVER US OBJECTIONS, PLANS MORE LOANS TO IRAN
(By Joseph Rebello)

WASHINGTON (DOW JONES).—The World Bank, undeterred by President George W. Bush's condemnation of Iran as part of an "axis of evil, arming to threaten the peace of the world," is pressing ahead with a plan that would provide as much as \$755 million in loans to the country over the next two years.

Since the bank began preparing the plan, Iran has mostly disappointed Western expectations that political reformers would succeed in making it more democratic and liberal. Reformers were silenced, and public executions and public floggings increased last year, according to Human Rights Watch. Iran remained the world's "most active" state sponsor of terrorism, according to the U.S. government.

But inside the bank support for more loans to Iran has only grown, officials say. In January, just as Bush identified Iran as a key threat to U.S. security in his State of the Union address, a team of bank directors returned from a visit to Tehran. Its recommendation: "deeper and faster involvement of the bank" in Iran, said Jean-Louis Sarbib, the bank's vice president for the Middle East and North Africa.

STAFF EXPECTS TO SEEK APPROVAL FOR NEW LOAN BY DEC.

"We have been quite impressed with the way they have gone about some of their macroeconomic reforms," said Sarbib, citing the country's success in building its foreign reserves, in reducing poverty and in ensuring basis education for all Iranian girls. "What we see on the economic side are people who are really trying to build economic democracy, who are trying to build a market system."

The bank's staff intends to seek approval for a new loan—worth about \$150 million—by the end of the year. That loan is an element of a tentative plan, endorsed last year by the bank's board of directors, that advocates the approval of \$755 million in loans to Iran in fiscal 2002 and 2003. Iran could eventually be eligible for more than \$500 million a year, if it continues to satisfy the bank's requirements, officials said.

For the U.S. government, the bank's biggest shareholder, the courtship of Iran has been a lingering source of embarrassment. The U.S. contributes 29% of the bank's capital. It control 16% of the votes cast by the bank's directors—usually a decisive share. It is forbidden by Congress from supporting loans to Iran. But it has been powerless to stop them in recent years.

U.S. HASN'T BEEN ABLE TO STOP LOANS TO IRAN RECENTLY

Two years ago, the bank's directors ended a seven-year lull in lending to Iran and approved two loans worth \$232 million. The U.S. objected strenuously. Madeline Albright, the secretary of state, lobbied leaders of other governments, asking them to oppose the loans because of Iran's human-rights record. She made little headway: the U.S. cast the sole no vote. Canada and France abstained.

James Wolfensohn, the bank's president, told U.S. officials at the time that the loans addressed "basic human needs" and were designed to support the reform efforts of Mohammad Khatami, a moderate cleric who had been elected Iranian president in a landslide in 1997. But any future loans, he told the bank's U.S. representative, would be considered only after a "review of all aspects of the economic and governance programs of his government."

Iran's performance since then has been mixed. Khatami was reelected to a second four-year term last June. His government briefly warmed toward the U.S. after the terrorist attacks of Sept. 11—it offered, at one point, to rescue U.S. pilots downed in the war in Afghanistan. But Khatami's influence soon faded amid a crackdown by the country's conservative clerics, who control Iran's judiciary and security forces.

"Even after his sweeping election victory in June, when he increased his share of the popular vote, (Khatami) continued to shy away from open confrontation with his opponents and made no discernible progress in implementing his promised reforms," Human Rights Watch said in a report in January that warned of "mounting" social and economic problems. "Increasingly . . . he appeared to represent more of a safety valve than an agent of tangible change," it said.

The World Bank, however, measures Iran's performance differently. It considers itself apolitical: The bank's mandate, officials say, is simply to reduce poverty and promote sustainable economic development among poorer countries. In deciding to make loans, accordingly, it avoids making official judgments about the borrower's stance on human rights, terrorism or nuclear weapons. Instead it keeps a close eye on economic and social indicators and the speed with which governments improve those statistics.

By those measures, Iran has performed splendidly. The poverty rate has fallen to 15.5% from 47% in 1978. The infant mortality rate dropped to 26 for every 1,000 births from 47 in 1990. Iran has also built up \$17 billion in foreign reserves, partly because of the recent rebound in oil prices and partly because it has paid off much of its debt. It has lowered tariffs, removed most non-tariff trade barriers and unified its system of multiple exchange rates—all well ahead of schedule.

"We are seeing concrete results—in terms of economic and social reforms," Sarbib said. Last year, the bank's staff completed the review that Wolfensohn and the bank directors had called for, and advanced a short-term plan calling for the launch of a half-dozen development projects in 2002 and 2003. With the exception of the bank's U.S. representative, all of the bank's 24 directors supported the proposal. The bank's staff plans to present a long-term lending plan to the directors next year.

"The general sense among executive directors is that they are supportive of the bank's engagement with Iran, with the exception of the U.S.," said one director who asked not to be named. "It's difficult to see how the U.S. position could influence other countries. My sense is there is not widespread support for the U.S. position."

U.S. LAWMAKER CRITICIZES BANK; SAYS U.S. LACKADAISICAL

At least one U.S. lawmaker is incensed, saying the loans will merely bolster Iran's repressive leadership. "Money is fungible," said Rep. Brad Sherman, D-Calif. "The money that the World Bank is providing to Iran's government is not particularly benefiting its people. That government will engage in the minimum domestic expenditures necessary to maintain power. Whatever is left over they'll spend on terrorism and nuclear weapons."

Sherman said he has been trying to get the Bush administration to take a harder line with World Bank, with little success. "Nobody's blood pressure is up on this," he said. "The problem is the U.S. bureaucracy. They say, 'Oh, gee, we'll vote no. If we get outvoted, que sera sera.' It's as if they hadn't listened to the State of the Union address. It's as if they were unaware of what happened on Sept. 11."

A Treasury Department spokeswoman, Michele Davis, said the U.S. government has regularly expressed its displeasure with the World Bank's plans for Iran. "The U.S. opposes World Bank lending to Iran and has consistently communicated this position to Bank management, including in May of 2002, when the World Bank approved two loans to Iran despite U.S. opposition," she said.

World Bank officials, meanwhile, said they can see no reason why Iran should be deprived of loans. Sarbib rejects the argument that World Bank loans for humanitarian and development purposes allow Iran to spend its own resources to develop nuclear weapons and promote terrorism. "Look, they have \$17 billion of reserves," he says. "If they want to do all these things, they can do it. They don't need World bank funds to do that kind of stuff."

Besides, he said, "Iran is a member in good standing of the World Bank. They are current on all their obligations. As a member in good standing of the cooperative, they are entitled to the services of the cooperative."

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

(Mr. FALEOMAVAEGA addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

BLUE DOG COALITION TAKES STRONG POSITION REGARDING DEBT CEILING

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

Mr. TURNER. Mr. Speaker, it is good to be here tonight to address a very important issue, the issue of fiscal responsibility, and I am joined tonight by some of my colleagues who are members of the Blue Dog Democrat coalition. That group of 33 Democrats in the House who believe in fiscal responsibility, who believe in balanced budgets, who believe in controlling spending, who believe in paying down our national debt, which now consumes, just to pay the interest, 14 cents out of every tax dollar. In fact, \$1 out of every \$4 of individual income tax payments made into the Treasury every year goes solely to pay the interest on our national debt.

The Blue Dogs have taken a very strong position with regard to an issue that is pending before this House and may very well be debated this week, and that is the issue of the debt ceiling. As we all know, there is a law on the books that controls the amount of debt that the United States Government can incur. That statutory debt ceiling has now been reached and, just in the last few days, the Secretary of the Treasury has been manipulating our Federal accounts to ensure that we do not go into default with regard to the obligations of the Federal Government. In fact, the Secretary of the Treasury has used the Federal Employees Retirement Fund as a means of

avoiding, violating the statutory debt ceiling. And for a period of time, until the Congress acts to increase the statutory debt ceiling, the employees of the Federal Government will have their retirement funds being used to avoid the default in the obligations of this Federal Government.

The Blue Dog Democrats believe that we need to address the issue of the debt limit in an honest and responsible way. We believe that the debt ceiling, rather than an arbitrary amount that has no great significance, as some would suggest when they propose that we raise the debt ceiling by \$750 billion, we believe that that debt ceiling is one of the last tools that this Congress has to promote fiscal responsibility and to require balanced budgets.

Just a year ago when this Congress voted the largest tax cut in recent history, we were projecting over the next decade record surpluses. Here we are just one year later and we no longer project surpluses, but we are projecting deficit spending and ever-growing national debt.

In 1997, this Congress passed the Balanced Budget Act. The Balanced Budget Act was one of the first pieces of major legislation that I voted on as a freshman member of this Congress. It put us on the road to fiscal responsibility and for 4 years this Congress produced balanced budgets. In fact, we produced budgets with surpluses, and we were able to begin the process, the slow process of paying down our national debt which totals close to \$6 trillion today. That act was one of the most significant pieces of legislation that this Congress has dealt with in an effort to end the practice of deficit spending. In fact, the Congress, for 30 years prior to 1997, engaged in deficit spending and accumulated this almost \$6 trillion national debt.

This year, the Congress, once again, is back into deficit spending. In fact, if we look at the first 7 months of this fiscal year, we will see that we have accumulated a \$66.5 billion deficit, and many estimate that the deficit for this fiscal year will be as high as \$150 billion. That means that we are spending the trust funds of the Federal Government to run the rest of the government's operations. We are doing what this Congress pledged in previous years not to do, and that is, we are raiding the Social Security Trust Fund, the retirement fund of the American people, to run the rest of the government. We believe that is wrong. We believe that is fiscally irresponsible.

Mr. Speaker, that \$66.5 billion deficit that we already run in this fiscal year for the first 7 months compares to a surplus that we had at this point in time one year ago when, 7 months into the previous fiscal year, we were running \$166 billion surplus. We clearly have seen a dramatic change in the financial picture of the Federal Government.

The Blue Dog Democrats believe that we must return to balanced budgets, and we have a plan to get us there.

Mr. Speaker, I am pleased to have on the floor of the House with me tonight the gentleman from Utah (Mr. MATHESON), who has been a member of the Blue Dogs and who has stood up consistently for fiscal responsibility, who has represented his district in the way that I think most Americans want this Congress to be represented and that is, he has fought for balanced budgets and for paying down the debt. It is a privilege to have him on the floor tonight and to yield to the gentleman from Utah (Mr. MATHESON).

Mr. MATHESON. Mr. Speaker, I want to thank the gentleman from Texas (Mr. TURNER) for taking the lead tonight on what has been a continuing effort on the part of the Blue Dog Coalition to raise consciousness about this issue, because we are about to approach what we have been talking about for the last few weeks.

Let me just briefly review the circumstances that we have gotten into at this point.

By law, Congress has to set the debt limit for how much debt this country can have. We have had the benefit in the last few years of running some surpluses, so Congress has not had to vote on the debt limit for a while.

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Now, I am a newcomer to this Congress. This is my first term. I came in with a stated desire to carry on with the Blue Dog agenda of being fiscally responsible, of trying to pay down our debt. Those are critical issues for me.

Now, circumstances have changed and some of these things, of course, no one could predict. With the events of September 11, the ensuing war on terrorism, the need for additional resources for homeland security, and a recession that this country has faced, the projections have turned around. We are running deficits, as the gentleman from Texas (Mr. TURNER) just indicated.

We understand that as Blue Dogs that there may very well be, and in fact I think there is, a legitimate call to increase that debt limit by some degree because we have encountered these tough times right now.

A number of us have cosponsored legislation that calls for an increase of \$150 billion in the debt limit, coupled with the fact that we have to sit down and identify with the President and Congress a budget that is going to put us on a path back to balance by 2007.

We as Blue Dogs support the war on terrorism. We support efforts to upgrade homeland security. We support those efforts wholeheartedly. We recognize that is a need this country must address. We understand that in that context of the short term we are going to be running a deficit right now.

But the concern we have is this request came in, and this request came in to raise the debt limit by \$750 billion. We throw numbers around Washington all the time, but \$750 billion is a lot of money. The gentleman from Texas (Mr.

TURNER) just indicated that maybe the projections this year are maybe the deficit will be \$150 billion. So why do we need to raise the debt limit by \$750 billion?

The real concern, and it is something that as Blue Dogs we have been talking about for week after week after week on the House floor, is that we are being asked to increase this limit by this huge amount with no indication of a plan on how we are going to get out of this deficit spending. There is no indication of a plan that someday we are going to turn this around and not saddle future generations with more and more debt.

There are a lot of people in this body on both sides of the aisle who strongly desire a reduction in the tax burden on our society. Well, in terms of future generations we are not doing them any favors, because we are piling up debt, and the tax burden is going to be laid on them to pay the interest on that debt.

So that is really the issue we have been trying to raise over the last few months: Why, why \$750 billion? Why give Congress and the administration in effect a blank check to run up that much more debt over the next few years with no plan to turn it around?

We have come on the House floor, and we have talked about how, in the private sector, when you go out and borrow money, whether it is for a car or a home mortgage, or whether you are a business getting a loan, when you go to the bank you have to be able to tell the bank a story, a credible story about how you are going to pay the debt back. They are not just going to give you the loan without you justifying your capability and identifying a plan for how you are going to pay that back.

Blue Dogs do not claim to have every answer in the book, but we certainly claim to have the desire to sit down, put the papers and numbers out on the table, and let us articulate a way, let us identify a way to turn this financial ship around, so instead of running more deficits we can get back to balanced budgets.

As I said, we have been talking about this for many weeks. That really brings us to where we are today. What is really disturbing is perhaps we have got a lot of people thinking about this, and they do not want to have this vote on whether we should increase the debt limit by \$750 billion. What we hear from reports is we are going to sneak this debt limit increase in on the supplemental appropriations bill.

Now, this is a bill that is an important bill. The supplemental appropriations bill is for emergency spending, and it contains significant spending regarding defense issues that are important to this country. Some would describe it as a "must pass" bill. When you have a "must pass" bill, maybe there is a desire to tuck in another provision that otherwise you do not want to have to put in front of us for a straight up-or-down vote.

That is not the way we should be working here. That is not what democracy is about. That is not what my constituents elected me to do, and that is not what constituents across the country elected their Members of Congress to do. They elected us to take on the issues and stand up and be counted.

What is really interesting is this is being done in a very innocuous way. The language that is going to be added to the supplemental appropriations bill does not really say \$750 billion. All it says, well, there is some innocuous language about maintaining the full faith and credit of debt obligations that this country can incur.

Then the idea is, and this is where we are getting into total inside-Washington process discussions, and I hate to have to go into that, but that is what is going on here, is that it is going to go to the conference committee with the Senate and we are going to have a debt limit increase happen, where here on the House floor, as a stand-alone item, we will never have voted for it.

I find that a shame. I find that a shame, because we are going to set ourselves on a path for running up massive amounts of debt. If we are going to set ourselves on that path, then by golly, we ought to all stand up and see who wants to vote to do that.

That would be my request of people on both sides of the aisle here in this body, that we take the time to have a good debate and discuss fiscal policy, fiscal responsibility, how this government is going to move ahead in the next few years, how we can take actions to stop running up more debt, to stop saddling the next generation with so much debt, and to do what our constituents expect us to do.

When you come to this job, you know you are not always going to have easy votes. You face tough votes a lot. But this is a tough vote I hope we can face, because I fear we are not going to face that tough vote. It is getting tucked into this other bill. It is getting tucked in where we cannot even force an up-or-down stand-alone vote on that item.

So that really is why we are here tonight. After many weeks of talking about this, my Blue Dog colleagues have come to the floor Tuesday after Tuesday after Tuesday to try to raise consciousness about this. It is something we believe in so much.

I have been so proud to be associated with the Blue Dog Coalition because of their position on this very issue. And I pledge, first of all, and I speak for me and for the Blue Dogs, we are ready to work with people. We really are. We want to roll up our sleeves and try to come up with solutions.

I would make a request that everyone on both sides of the aisle try to join us in this effort. It is too important to play with election year and partisan politics. This is too important, when we take a look at the next generation. It is important we take on this issue. Let us make sure we have a

true up-or-down vote on this issue. Let us articulate what our policy is going to be.

MR. TURNER. Mr. Speaker, I thank the gentleman from Utah. I appreciate his strong stand for fiscal responsibility. He is so right: we have the supplemental appropriations bill which is being considered as we speak by the Committee on Rules of this House, and it has been rumored that there will be an effort to sneak into that supplemental appropriations bill, which contains needed spending to fight the war on terrorism, language that would allow the debt ceiling to be raised without a full and adequate debate.

Because of the significance of the growing deficit and the ever-increasing national debt that results from that, Blue Dogs believe very strongly that that issue should have a straight up-or-down vote by the entire Congress and should not be tucked away out of the light of day in some other piece of legislation.

I am pleased that we are also joined on the floor tonight by the gentleman from Texas (Mr. STENHOLM), one of the most respected spokespersons that we have in the House on fiscal matters, a gentleman who has fought his entire career in the Congress, over 20 years, for fiscal responsibility, and who has gained the respect of all his colleagues for his consistency with regard to his interest in balancing our budget and paying down our debts.

MR. SPEAKER, it is a pleasure to yield to the gentleman from Texas (Mr. STENHOLM).

MR. STENHOLM. Mr. Speaker, I thank my friend, the gentleman from Texas, for the overly generous words of introduction.

Straight from the gentleman from Mississippi (Mr. TAYLOR), I want to report that our total public debt outstanding on April 30, 2002, is \$5,984,677,357,213.86. That is up \$323,329,559,211.21 in the last 12 months. That is up. We have borrowed a public debt of \$323 billion. That is what we are here tonight to talk about.

We have now reached the debt ceiling of \$5.95 trillion. In fact, we are past it as of April 3, and Secretary of the Treasury Mr. O'Neill has asked that this debt ceiling be increased \$750 billion.

The Blue Dogs have said for the last month or 6 weeks that we are perfectly willing to give a clean up-and-down vote on increasing the debt ceiling, not by a \$750 billion blank check to spend more money, but to pay for the war and to pay for the necessary spending, and all that we ask is that we have a new budget plan submitted by the administration and taken up by this Congress.

The respected Concord Coalition has come out just yesterday and urged Congress to have swift action on increasing the debt ceiling and not to play games with something as serious as default on the United States of America's debt.

They are right in that, and the action that will perhaps be completed in the Committee on Rules any moment now is suggesting that rather than have a clean up-and-down vote on the budget ceiling, we are going to hide it in a supplemental appropriation. And not only are we going to hide that, we are also going to hide some additional spending.

I would predict to the gentleman tonight, we will not know it tomorrow because this is going to be added tonight, or sometime before we vote tomorrow, but sometime in the next 2 or 3 or 4 days we are going to find out there was some more spending, millions and millions and millions of dollars that was added to this supplemental emergency spending bill. It is going to be embarrassing for all who vote for it.

Back in 1993, I participated at that time with John Kasich and Tim Penny, and that was back when we were in the majority, Republicans were in the minority, and many of us on both sides of the aisle had grown quite tired of having emergency spending bills loaded up with nonemergency spending.

We introduced a bill, and I was proud to introduce the bill, and John Kasich, who later became chairman of the Committee on the Budget, Tim Penny, and it passed. It was thought to be such a good rule, and it is pretty simple: emergency spending, since it comes outside of the normal budget rules and regulations, should not have non-emergency spending added to it.

In fact, people thought it was so good that when my friends on the Republican side of the aisle became in the majority, they adopted this as one of their first rules, and it is a good rule.

My question tonight, Mr. Speaker, is why would we waive a rule, a rule that says that only emergency spending should be on an emergency spending bill? Why would we waive that rule and allow additional spending? Why not stick with the House rules? Why not say to everyone that wants to add a little extra spending to this bill: Is it an emergency? If it is not, wait your turn on the regular appropriation process.

That is a good question. We will ask it again tomorrow. We have a little more time tonight, because I suspect that this rule tomorrow and the debate will be very controlled. I suspect that there will be no amendments allowed. I wrote a letter that I sent to the chairman of the Committee on Rules (Mr. DREIER) today saying "Should you choose to waive this rule, then why not also make it consistent to those of us who would like to take the debt ceiling and separate it from the supplemental, and have a clean up-and-down vote on the debt ceiling—why not allow the rule to permit that? You are playing with fire."

In fact, we are playing with the very economy of the United States when we take a chance that somehow in the conference that will come back from the Senate that the debt ceiling will be applied to that conference. That is not

a given. In fact, I hope that it does not come back with the debt ceiling attached to it.

It is amazing how some of us stay inconsistent in this body. Less than 6 years ago, 225 Republicans voted to soundly reprimand and prohibit then Secretary Rubin from taking precisely the actions outlined by Secretary O'Neill again this week.

The silence of the 147 Republicans who remain in the House today implies far less anxiety about the same actions today.

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The fact that Secretary O'Neill must resort to short-term emergency measures to meet our Nation's obligation drives home the fact that not only that Congress failed to perform its duties, but also that budget surpluses were a short-lived success which have now been replaced by more deficit spending.

Again, lest people not understand what we are saying tonight, we Blue Dogs are perfectly willing, in fact, we have sent letters to the President, to the Speaker, in which we indicate we are willing to vote to increase the debt ceiling. Not by \$750 billion but enough to get us through the August, well, the July reestimate of where we really are on the economy. And then in October let us pass a new budget. We Blue Dogs have suggested spending caps. In fact, we have already stated that we are willing to live with the spending levels that are present in the House-passed budget resolution. We are ready to go with that one and we believe that is a reasonable amount of spending. But what we are opposed to is hiding a very important and significant vote, hiding it in the supplemental emergency spending, spending that is necessary to pay for the war, something we are for.

I remember a speech my friend, the gentleman from Texas (Mr. TURNER) gave a few weeks ago on this subject and I have borrowed considerably from the thought that he had that night in which the gentleman acknowledged a little bit of concern in his own mind as to why we, this generation, are sending our youngest and finest to risk their lives, and we find that several have lost their lives in Afghanistan this week, why we do that and we do it on borrowed money.

We are having to pay \$1 billion a day now for interest on the national debt. We have increased the national debt \$323 billion in the last year, and under the budget plan that we are now under that the majority refuses, refuses to even reconsider, we are going to borrow another trillion dollars in the next couple of years. Why would we do that and then when our youngest and finest come home from defending this country in the fight against terrorism, why would we do that and then ask them to work and pay in taxes so that the interest on the debt that we sent them over to fight with? It does not make us kind of like the Greatest Generation, Tom Brokaw's book.

I remember the gentleman from Texas (Mr. TURNER) making that speech and he was just as right as he could be. And I find that others are kind of agreeing to that. I do not understand why our colleagues, particularly some of them who purport to be conservatives and challenge us and chastise us every time we take to the floor, at least there will be one coming after us and saying, well, you Blue Dogs do this, you Blue Dogs do that, but you really do not mean this. Well, judge us by our actions and by our deeds, not by our words.

What we are saying tonight again, the Concord Coalition is right. They urge swift action to avoid a debt crisis. By the end of June, Mr. O'Neill will not be able to juggle the books. He will not be able to borrow from the civil service retirement fund, from the military retirement fund, from the Medicare trust fund. It will be fish-or-cut-bait time.

We can avoid that tomorrow. We can avoid that tomorrow with a simple, simple resolution that increases the debts by a smaller amount than \$750 billion, of which every Blue Dog will join with our colleagues on the other side in doing that, provided they are willing to put a new economic game plan in place. We think it is time to do that.

Mr. Speaker, I yield back to the gentleman.

Mr. TURNER. Mr. Speaker, I thank the gentleman for sharing his thoughts.

I know that all of us feel very strongly that this issue of the statutory debt ceiling deserves a full and open debate of this House. And with the national debt rising, with deficit spending back upon us, somebody has to put on the brakes. Somebody has to say that we need to control spending. Somebody needs to say that we ought to do the same thing in Congress that we all have to do at our own households, and that is we have to pay the bills. And as the gentleman from Texas (Mr. STENHOLM) suggested, I have been very concerned about the fact that we are asking young men and women to fight the war against terrorism, and yet we are doing it on borrowed money, which means that when they get back home and they are in their better income-earning years, they will be the ones that will have to pay for the war that they fought.

So it seems to me that the right thing to do in Washington is the same thing that we all try to do in our own households, and that is, we pay our bills. We meet our obligations. We do not say that we are going to incur debt without having a plan for repaying that debt. And that is all that the Blue Dogs are asking with regard to the statutory debt ceiling is to say that, yes, the economy is on the downturn. We are in a war. Congress passed a major tax cut just a year ago and all the surpluses that were heralded at the time we took that vote are no longer there, and so the circumstances have changed.

Unfortunately, there seem to be many in Washington today who suggest that even though the circumstances have changed, we do not want to do anything differently. And we know that when our financial circumstances change, we have to change our spending patterns. We have to change our economic circumstances in a way that allows us to live within our means, and Congress is not doing that today. So I am hopeful that we will get a chance to have an honest and open debate about this debt ceiling and we will, as Blue Dogs, support an increase of \$150 billion to account for the fact that there has been additional expenditures as a result of war. But we have gone a long way from just a year ago when the administration and the Secretary of the Treasury said that we will not have to deal with the statutory debt ceiling for 7 years, to today when we already know we have hit the statutory debt ceiling, and were it not for the Secretary of the Treasury manipulating the employees' retirement funds to keep the obligations of the United States government from going into default, that we would have a catastrophe on our hands today. And even after he pulls out all the tricks in the bag, those are going to run out by the end of June, and this Congress will have to raise the statutory debt ceiling in order to avoid a default on the obligations of the United States government, in order to pay a Social Security check, in order to be sure we pay the bills that are keeping the military of our country operating today in Afghanistan, we will have to raise the debt ceiling. We understand that. But we just do not believe it is right to raise it \$750 billion. In essence, giving a blank check to this Congress and this President for ever-increasing spending.

So we feel very strongly that we have got to draw the line here and use this opportunity to remind this Congress and the American people that it is important to pay your bills. It is important to control spending. It is important to have a budget that moves us back to a balanced budget within the next 5 years. And even to say that is being generous because, in fact, most of us would like to see us move back to a balanced budget next year. The problem is the Congress, through its spending, and the Congress through the changed circumstances, and through the large tax cut that was enacted last year, has put us in a ditch. We are in a deficit ditch. And we have got to get ourselves out of it, and to fail to do so is an injustice to the next generation because the truth of the matter is the folly of unrestrained spending today, the folly of ever-increasing national debt and deficit spending means that our children and our grandchildren will be left to deal with the consequences of our inability to control our own spending and to balance our own budget.

Mr. Speaker, I would like to yield again to the gentleman from Texas (Mr. STENHOLM). I know that there is a

plan that we have laid out as Blue Dogs and I think it is important for us to talk a little bit about that plan. Just the day before yesterday several of us met together with the ranking Democrat on the Committee on the Budget, the gentleman from South Carolina (Mr. SPRATT), who does an excellent job of trying to persuade this Congress to move back towards balanced budgets and to end deficit spending. We also had several Blue Dogs there. The gentleman from Kansas (Mr. MOORE) co-sponsored the legislation; the gentleman from Indiana (Mr. HILL), one of the co-sponsors of the legislation, along with the gentleman from Texas (Mr. STENHOLM) and myself and the gentleman from Utah (Mr. MATHESON). And that plan was a sensible plan. That was a plan that should be supported in a bipartisan way by this Congress and by every Member of this Congress who calls themselves a fiscal conservative.

Mr. Speaker, I yield to the gentleman from Texas (Mr. STENHOLM) to allow him to talk a little bit about that plan so we can have the people understand tonight that what we are really trying to do is restore fiscal responsibility.

Mr. STENHOLM. Mr. Speaker, I thank my friend for yielding back.

We have the Blue Dog ABC plan. It is as simple as ABC. I have already mentioned one tonight. We are prepared, in fact, we have indicated our support for the House budget spending levels as indicated in the budget, those numbers we tried to offer in our own budget this year, but once again we are denied even having an opportunity to have an alternative budget. But the spending levels are fine.

We need to recognize that strong budget enforcement rules are important. The provisions of the Budget Enforcement Act of 1990 expire this year and one of the things we have learned over the last 10 years is that meaningful caps on discretionary spending which tell our appropriators this is how much you can spend and if you spend more, you must offset it, it has worked. The appropriators have been responsible when the caps were there and when they were meaningful. But the 1997 Budget Act got off, a little bit off of what would be considered meaningful caps, particularly in the area of health care and rural health care and what has happened when you put unrealistic caps on without doing the policy changes.

Something else that the Blue Dogs have suggested in our plan is we think we ought to have a vote on the balanced budget amendment to the Constitution again; believing that as much as we would prefer not amending the Constitution from such purpose, we believe that it would be very helpful to have that amendment added to the Constitution so no future president and no future Congresses can again do what is now happening regarding the debt and borrowing money, borrowing money and spending the money. It used to be it was tax and spend. It is now

borrow and spend. And the biggest difference between tax and spend and borrow and spend, with the borrow and spend, our children and grandchildren do not have a vote on it. If you tax, everyone in this body will get unelected. If you propose taxing to pay for the spending, that is different. But borrow and spend on our grandchildren, they do not have a vote and that is easy to do; and that is what we will, again, do tomorrow. And we will hide it in the supplemental emergency spending, so that we do not have the guts to stand up and say that is what we are going to do.

Well, some of us will not do that but, again, I repeat we are perfectly willing to increase the debt ceiling to dig us out of the ditch that we have dug ourselves into, even though some of us will say we did not vote for the budget. It matters not. We are all responsible, all 435 of us. We are perfectly willing to increase that debt ceiling.

The gentleman mentioned also the gentleman from South Carolina (Mr. SPRATT). One of the areas here, restore fiscal discipline, again, that is in the bill and it will be offered. Perhaps we will have to do it on the recommittal, perhaps we will have to do it in talking about defeating the rule so that we might have an opportunity to provide for a smaller debt increase. \$150 billion, that would get us through to September and then in September when we come back after the August break, we will have a little, a little better idea of where the economy of this country is. And we can then, in fact, deal with a new economic game plan.

But, again, we do not seem to be getting through to our friends on the other side. They do not seem to be willing to change the economic game plan which will require that for the next 10 years we are going to have to borrow at least 2.75 trillion more dollars. This \$750 billion down payment or installment is just the tip of the iceberg as to what is going to be needed.

□ 2200

I do not understand why our friends on the other side do not accept the hand that the Blue Dogs are offering to them and saying let us deal with deficit spending openly and honestly, let us deal with the debt ceiling openly and honestly, let us put spending caps back on, but let us revise the economic game plan that we are on so that we do not have to borrow the full \$750 billion.

And do not hide it, do not hide it in an emergency supplemental and do not waive the rules of which I agreed with my friends on the other side of the aisle about 8 years ago when I said emergency spending should be emergency spending. If it is not emergency spending do not put it on an emergency spending bill. My colleagues will be surprised the million, tens if not hundreds of millions of dollars that will be voted on in this emergency supplemental that a careful analysis will show is not emergency, and we will

have to have a rule that waives, waives, the rules in order to pass it.

We do not think that is the proper way to go. We will give my colleagues a clean up-and-down vote on increasing that debt ceiling. We will do what the Concorde Coalition is urging us to do. Let us not have a debt crisis.

This plan does not work and it does not get added to the conference coming back. Come about mid-June we are going to be in a crisis because Secretary O'Neill cannot juggle the books forever without having an economic crisis facing our country. It is too important for us to play with that game, especially when there can be bipartisan support; and all we have got to do is sit down and revise our budget.

Just like September 11, 9/11/01 changed America forever, and no one could foresee that and, yes, it has added increased spending needs for this country; but why if we need to have the increased spending do we not see the need to change the economic game plan that we are under? Why does the other side insist on staying with the same game plan while at the same time saying everything has changed? I do not understand that.

I yield back to my friend from Texas.

Mr. TURNER. Mr. Speaker, I thank the gentleman for sharing some of the elements of the Blue Dog plan for restoring fiscal discipline, and I am particularly pleased my colleague mentioned the constitutional amendment to require a balanced budget. That amendment was introduced by one of our fellow Blue Dogs, the gentleman from Arkansas (Mr. BERRY).

I had the opportunity to serve in the Texas legislature, the Texas House and Texas Senate, for 10 years; and in Texas, as in most every other State in the Union, we have a requirement in law, in Texas it is in our constitution, that we have a balanced budget. So every year when the legislature convenes, they are required to not spend anymore than is estimated to come into the next budget cycle; and if they fail to do that, they have violated the Texas constitution.

If we had such a restraint in our Federal Constitution, we would not be here tonight talking about a five, almost \$6 trillion national debt. We would have solved that problem a long time ago, and the gentleman from Arkansas' (Mr. BERRY) constitutional amendment makes sure that we have a balanced budget by including that requirement in our Constitution.

We know that when we amend the United States Constitution, it takes two-thirds vote of both Houses and then the States have to ratify it, three-quarters of them, and we all know that could take a long time. So we also have other elements in the Blue Dog legislative package to restore fiscal responsibility in the shorter term, and those bills, one by the gentleman from Indiana (Mr. HILL), restores the budget rules that this Congress has had in place for some years which now are expiring, simply requiring that we set

discretionary spending caps and that we abide by them, requiring that any legislation that deals with mandatory spending or revenues that increase the deficit be offset with some savings in some other area. Those kinds of basic rules are important to maintaining fiscal responsibility, and that bill by the gentleman from Indiana (Mr. HILL) would ensure that those rules continue.

Another piece of legislation introduced by the gentleman from Kansas (Mr. MOORE) makes sure that we have a limit on how much we increase this statutory debt ceiling and ensures that once we go beyond the \$150 billion that we all acknowledge would be the appropriate amount, that covers in the short term, that any further increases in the statutory debt ceiling would be preceded by the Congress enacting a budget that returns us to balance within 5 years without using Social Security trust fund moneys to balance the budget.

Finally, our legislation that was introduced by another Blue Dog, the gentleman from Tennessee (Mr. TANNER), says that we ought to require this Congress have a two-thirds vote if we are going to incur debt.

All of those pieces of legislation as a package will move this Congress back into balanced budgets and to reducing the national debt. Some people say, well, what is the big deal about this national debt? Well, I do not know if anybody can tell my colleagues for sure how big the national debt can be before it gets us in trouble. I think the folks in Argentina knew that they accumulated too big a debt and they certainly had a crisis; but here in the Congress, we seem to be oblivious to the size of the national debt.

Most Americans do not recognize and realize that one of the biggest areas of government waste is the national debt, because it takes a billion dollars of our hard-earned tax dollars every day just to pay the interest on the national debt. When people pay their individual income taxes every April 15, do they know that \$1 out of every \$4 paid into the government goes to cover the interest on the national debt? What a waste. What a waste.

So if we are really interested in cutting out government waste, the first thing we have got to do is to get our debt under control. We have got to begin to run surpluses in our annual budget because when we run surpluses in our annual budget, that surplus pays down our national debt; and the best gift we could give to our children and grandchildren is be sure that we do not hand them this \$6 trillion and growing national debt.

We are here tonight to ask our colleagues in the Congress to deal seriously with this issue of the statutory debt ceiling, to not try to slip it in this supplemental appropriations bill that is coming to the floor this week and hide it and tuck it away in there as if it is not important, but to put it out in the light of day and have an honest de-

bate on it and to acknowledge to the American people that this country, in terms of its finances, is going in the wrong direction.

Americans have been more patriotic since September 11 than I have seen them in my lifetime. Some of those who fought in the Second World War say that we are seeing an era of patriotism today that is like they felt when they were young people during the Second World War; but if we have a true spirit of patriotism in our country, we are going to be sure that when we send our young men and women into battle that those of us back home are going to be willing to make an equal sacrifice which is to pay the bills, and if we cannot stand here tonight and acknowledge that we should pay the bills for fighting the war and not pass those bills on to the next generation, it would give reason and give cause to question the sincerity of our patriotism.

Anytime that this country has been at war, Americans have been willing to sacrifice; and the sacrifice that every American is going to be called upon and should be called upon today to make as we find ourselves in this war against terrorism is those of us here at home should be willing to pay the bills. That is the least we can do.

So I am here tonight on behalf of our Blue Dog Democrat coalition to urge our colleagues to return us to fiscal responsibility; to be sure that we enact policies that allow this Congress and as an institution to observe honesty in budgeting; to be willing to say that we are going to balance the budget rather than to ignore it; to be big enough to say that even though a year ago when we passed a major tax cut, which I voted for at the time, when we were projecting a \$5 trillion surplus over the next decade, that today as we stand here tonight, when that surplus is gone, that we have to be big enough to admit to the American people that the circumstances have changed.

Every American family understands that. Every American family has been through hard times. Folks have lost their jobs and had to make readjustments on their spending patterns. The Federal Government has to do the same thing if we are going to be honest with the American people.

In just a few years, somewhere between 12 and 15, we are going to see a tremendous increase in the population of our country that are over the age of 65. The Federal Government will face one of the biggest fiscal crises that we have ever seen, as those seniors will be ready to receive their Social Security payments, they will be ready to receive the benefits of the Medicare program that they have paid for in their Social Security and Medicare taxes that they have paid all these years.

If this Congress is going to be able to deal with the retirement of the baby boomers and the costs that are associated with those retirees, we have got to get the financial house in order today.

Is it not wonderful that as we approach the crisis in the Nation that we were looking back at 4 years of surpluses, so that we could deal with the problems of the declining economy and the lost Federal revenues that flowed from that and to deal with the cost of the war on terrorism? What is it going to be like 12 and 15 years from now when the baby boomers retire and all of those costs are on the Federal Government and we look back to years of deficit spending?

Now is the time to get the financial house in order. Now is the time to balance our budget and to pay our bills, and that is what we are asking our colleagues in this Congress to join with us in doing.

I thank the members of the Democrat Blue Dog Coalition who have joined me on the floor of this House tonight, and I appreciate their stance for fiscal conservatism; and we look forward to the days ahead as we work together to try to balance the budget and pay down our debt.

MAJOR CHALLENGES CONFRONTING AMERICANS

The SPEAKER pro tempore (Mr. ISSA). Under the Speaker's announced policy of January 3, 2001, the gentleman from Arizona (Mr. HAYWORTH) is recognized for 60 minutes as the designee of the majority leader.

Mr. HAYWORTH. My colleagues, I come here tonight not as a champion or a representative of party, but as a Member of the Congress of the United States, a constitutional officer, a husband, a father, a brother, a son and a grandson to discuss issues of great importance in what is quite literally, Mr. Speaker, our national health.

I champion the fact that in this Chamber people of goodwill can from time to time disagree, and there are those who would come to champion one specific philosophy or approach of a political party or even an approach within a political party; but I think, Mr. Speaker, when we confront major challenges, we do so much better and much more effectively not as Republicans or as Democrats but as Americans first; and it is in that spirit that I come to the well of the House tonight.

We confront many challenges, Mr. Speaker. Mention was made earlier by my colleagues from Texas of the fact that we are a Nation at war, and yet we are also a Nation blessed with unparalleled prosperity, and with what some would bill as problems, others view as unique opportunities.

Why do I say that at this time in this place? Well, Mr. Speaker, one need only look so far as the prevalent statistics for the United States of America a century ago, 100 ago, 1902.

□ 2215

Mr. Speaker, in 1902, the average life expectancy in the United States of America was 47. The average lifespan, 47 years of age. More than 95 percent of all births in the United States took