

Congressional Olympic Challenge. Mr. Shea was to serve as our keynote speaker on Saturday night, welcoming Members of Congress and citizens from throughout this Nation to the great Lake Placid and indeed showing them the important history that Mr. Shea was so much a part of and so important to, so much so, Mr. Speaker, that many in Lake Placid referred to Jack as Mr. Lake Placid. His untimely death is made particularly tragic by the loss that we will experience and the loss of his advocacy on behalf of Lake Placid and the Olympic movement. Without Jack there, I can say that there will be just a little bit missing from this weekend. But as Jack would tell us if he were here, the games must go on. The efforts to ensure that the Olympic movement in the United States and indeed throughout the world needs to be made strong. That is why we will embark.

For those reasons, I intend to and will introduce a resolution into this House today to recognize and pay proper tribute to Jack Shea, a great man, a great Olympian and a friend who truly epitomized, Mr. Speaker, the greatness of America, the greatness of the Olympic movement, the greatness of competition in the Olympic movement. We will all dearly miss him. We are all deeply touched and have been deeply touched by his life.

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

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

AFGHANISTAN FACING LONG AND DIFFICULT ROAD TO RECOVERY

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

Mr. WOLF. Mr. Speaker, the gentleman from Ohio (Mr. HALL) and the gentleman from Pennsylvania (Mr. PITTS), both good friends who have really done a lot to help on human rights and hunger and religious freedom issues, and I traveled to Afghanistan and Pakistan from January 2 through 10. After spending 2 days of that trip in Kabul, the capital of Afghanistan, clearly the situation there is desperate. At a later time on the House floor perhaps the gentleman from Ohio, the gentleman from Pennsylvania and I can share in greater detail our observations, but there are some comments I would like to make today.

The issue of security in Afghanistan has to be dealt with immediately. The country is still not safe. We were told there are no low risk areas in the country. Crime in Kabul—banditry and murder—is on the rise. Interim Chair-

man Harmid Karzai told us that he may ask that outside forces be brought in to provide security not only for the Afghan people but to ensure that humanitarian aid is delivered. The Afghan government will need help with rebuilding an army that is loyal to the central government and an effective police force to maintain order.

The Bush administration is working diligently to help ease tensions between Pakistan and India, and I support that effort. The threat of nuclear war and the potential negative impact a war in the region would have on the United States' war on terrorism demands immediate attention. President Bush and the Secretary of State have done a great job with regard to bringing both India and Pakistan together. If a special envoy would be helpful in the region, I would suggest that be done.

We ought to immediately restore the AID, Agency for International Development, mission in Afghanistan and Pakistan. AID is doing a tremendous job. The Agency for International Development is critical to countries such as Pakistan and Afghanistan to prevent future extremism.

We must do whatever is necessary to defeat terrorism, which means the United States has a responsibility to stay active and involved because the war on terrorism is not a conventional war. It is not only a military fight but an economic, cultural and educational struggle.

Afghanistan and Pakistan are like bookends. Whatever happens to one country happens to the other. Many believe that the West abandoned Afghanistan after it defeated the Soviet Union, and it became a fertile ground for the rise of the Taliban. We cannot walk away again. If we do, we could be back to where we are today.

I would encourage individuals to go and visit Afghanistan to witness this firsthand. The Afghan people are optimistic, they are hopeful, they are looking to see progress. While substantial resources are required immediately, long-term, multiyear funding for development must be secured in addition to what is already available, but not detract from the development and humanitarian assistance given to other parts of the world.

We should continue to encourage and promote cooperation among the states in the region which share an interest in the stability of Afghanistan and be concerned with regard to the fact that the Iranians appear to be moving into Afghanistan in a big way.

Efforts should be made to prevent the drug trade from being increased and to ultimately wipe it out. Ironically, the cultivation of opium was banned under the Taliban but not strictly enforced. I am concerned that drugs may begin to come back in a big way, because, regrettably, for many Afghani farmers, growing opium is a way of making a living. We do not want to see the drug trade reestablished in Afghanistan

which then ends up on the streets of the United States and Western countries.

People-to-people diplomacy, without using taxpayer money, hospital to hospital, school to school, civic association, Rotary clubs, Kiwanis clubs, Lions clubs should be encouraged to take on projects.

While there we went into a girls' school. The young girls have not been to school for 5 years. They need supplies. Our schools could adopt those schools, and send pens, pencils, books. Hospitals here could donate medicines, equipment and other supplies. We ought not just be looking for Federal dollars but also for volunteer groups in the West, not only in the United States but in Britain and in other countries, to be involved.

The U.S. business community can also help. Hopefully the Afghan community in the United States will participate and go back and help their colleagues and fellow family members in Afghanistan.

There are a number of other comments that I will make that I will just submit for the RECORD.

I want to close by acknowledging the great job our military have done in Afghanistan and continue to do, the dedicated forces of the Army, Navy, Air Force and Marines.

□ 1200

I want to acknowledge and salute the thousands of men and women serving in the Nation's Armed Forces in Afghanistan and around the world. I want to salute the State Department personnel in Afghanistan and Pakistan and here in the United States who are working very hard on this issue. They deserve our special thanks.

I also want to thank all of the NGOs, the World Food Programme in particular, working in this region to keep famine from taking place; this is the beginning of the fourth year of a drought. Also Save the Children, Catholic Relief, Church World Services and many other groups are doing an outstanding job.

I also want to thank the American Ambassador, Wendy Chamberlin, and her staff in Pakistan and the staff in the American embassy in Afghanistan.

We will prevail and make sure that Afghanistan never returns to terrorism.

A FRESH LOOK AT THE DISAPPEARING BUDGET SURPLUS

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

Mr. POMEROY. Mr. Speaker, well, here we are. It is a new year, we are all back from our districts, from time with our families; and it is time to take a fresh look at where we are as we begin a new legislative Congress.

You know, to many of us things might look very much the same as they did in December when we left; the same people representing the American citizens across the country, largely the same dynamics in place. In fact, with much of the debate that I have heard this week, it is almost like we picked up mid-conversation, even though there has been a period of several weeks where we have been gone.

In one facet, however, there is very sharp difference of reality compared with where we were as we got to town one year ago, and it is trying to explain this significant different development that I will address in the course of my remarks.

What is different? What is different is the Federal budget. One year ago, we looked at tremendous budget surpluses of a historic nature. We were on the cusp of a plan to march toward reducing and then eliminating the debt held by the people of the United States to their Federal Government, eliminating that debt for the first time since Andrew Jackson was President.

We were debating how we might use these surpluses to advance Social Security reform before the baby boomers move into Social Security in the next decade. We were discussing how we might use these surpluses to bring on to the Medicare program a prescriptive drug benefit so desperately needed by so many then and continuing today.

All of these discussions were made possible because of a steady disciplined march toward establishing sound fiscal policy, generating elimination of the annual budget deficit, and then producing these record surpluses. This march began in 1993 with the budget bill passed by one vote in the House, without any participation by the Republican side, I might add, and passed by one vote in the Senate; and it set the course for tackling the deficit.

The course was certainly assisted by the fact that the economy went from a significant recession into a wonderful boom run through the decade; and as the economy grew faster than expectations, the revenues coming into the Federal Government grew faster than expectations.

Now, in the face of good times on a bipartisan level, this Congress held pretty steady with spending. I think Republicans and Democrats alike can take some pride in showing some discipline on the spending side and the contributory role that it had in producing the much brighter budget situation. So as we convened one year ago, we could look at the product of years of hard work, gut-wrenching choices, but take some satisfaction in a job well done. We tackled the deficits and eliminated them. We built surpluses and had actually the prospect before us of eliminating the national debt. What a wonderful legacy for members of my generation, the baby boom generation, to leave for their children.

Well, that was then. Unfortunately, the situation now could not be more

different. The 10-year projection from a surplus standpoint was \$5.6 trillion a year ago. This year, it has been revised and revised in one of the most significant dramatic reductions ever.

This chart shows the vanishing budget surplus over 10 years, and it truly is staggering: \$5.6 trillion projected 1 year ago. Based on the economic forecasting, the slowing economy reduced this \$5.6 trillion to \$3.3 trillion. The biggest development between those forecasts were the slowing economy and the enactment of a tax cut last May that absolutely committed all of these surplus revenues.

Yesterday, the Congressional Budget Office further reduced the 10-year unified budget surplus to \$1.6 trillion. Now, you may say that sounds like a surplus; I thought you were talking about deficits. That counts the Social Security surplus, the Medicare Trust Fund, and the general fund; so on a unified budget basis we are at \$1.6 trillion. If you just count the general fund alone, it is deficits for each of the next 10 years.

We have gone back to debt as the way we fund our operations, which means we do not pay for what we spend. We run it up on the tab, and we are going to pass that tab on to our children.

You might wonder how in the world did this happen. I think it is worth understanding where the error occurred so that we might learn from it as we face the difficult policy decisions that we now confront.

This chart shows what I believe was a mistake, a legislative mistake of historic proportion. When we passed the budget bill, which included the President's tax cut, last May, we committed every dollar of budget projection. We left no rainy day fund. We left no room for error. We left no possibility that things would not turn out in anything but the rosy projection that we looked at. We made no room to deal with the slowing economy, and we certainly had no contingency for something as devastating as what hit us with the terrorist attack of September 11. The result was we built a plan that required everything to work perfectly in order to not slide into deficits.

I used to be an insurance commissioner, and there was no way I would let insurance companies price their product in a way that just predicted the rosy upside scenario. The way my constituents work is they deal with reality. Their family budgets are based on the fact that things may not work out perfectly.

Well, we made a bad mistake betting the ranch that the country was going to have a perfect run. It has not had a perfect run, and now you can see the consequences from the reversal of fortune.

This chart shows what has happened as we have gone from the prospect of eliminating the debt and actually developing on a unified basis a budget surplus, to just more deficit spending,

continuing the debt at the extraordinarily high levels, driving up interest rates, and leaving a legacy of red ink for our children.

The non-Social Security budget has fallen from \$3.1 trillion surplus to \$760 billion worth of deficit. Again, according to the Congressional Budget Office, the Federal budget, excluding Social Security, will be in deficit every year between now and 2010.

Again, take a look at this chart. This was our opportunity. We passed a tax cut that is irresponsible in its dimensions. We face a slowing economy. We have a God-awful terrorist attack. Now, as we reconvene 1 year later, we are looking at a sea of red ink from the ongoing deficits that we face.

What are the implications then going forward of these budget deficits? Well, instead of saving the Social Security surplus and taking every dollar coming in on Social Security and paying down the national debt so you have a better fiscal position of the country to meet the Social Security obligations when baby boomers retire, instead of that, we are going to spend more than \$700 billion of revenue coming in from Social Security money. We are going to spend that on running the Federal Government, money coming in for Social Security spent on general government spending.

We have seen this before. It is that era of deficits we worked so hard to climb out of, and, dang it all, we are back in the very same mess. Instead of saving the Medicare surplus, leaving us the opportunity to enhance the program, leaving us the opportunity to at least make sure we could meet the existing obligations of the program, all of the \$400 billion of Medicare surplus, all of it, is committed right out the door in government spending. It could have been used to pay down the debt, to position the Federal Treasury for when baby boomers retire. Now every nickel is spent on the general spending of government.

Instead of strengthening and adding to Social Security and baby boomers' retirement, we drain the trust funds of hundreds of billions of dollars. Instead of eliminating the publicly held debt, we will pass on to our children under existing projections \$2.8 trillion in debt. Instead of paying \$600 billion in interest costs, even if we had continued to reduce borrowing at this rate, there was a very large interest cost associated, given the trillions of dollars of national debt that we have. We were projected to spend \$600 billion this decade on interest costs alone. That figure now is now \$1.6 trillion, a \$1 trillion increase in government spending just to pay the interest.

Interest costs do not pave roads, interest costs do not help schools, interest costs do not put forth prescription drug coverage to help our seniors. Interest costs do not do anything. And we have put ourselves in a fiscal position where we are now going to have to spend \$1 trillion more in these interest

costs over the next 10 years because of the fiscal foolishness of that tax cut, compounded with the difficult circumstances of the recession and terrorist attack.

All of this means that instead of reducing long-term interest rates, allowing you to get a better deal on your home mortgage, allowing businesses structuring long-term debt to operate at significantly lower expense levels, the Federal budget is going to put upward pressure on rates. The markets will know the Federal Government, the big interest hog at the trough, is once more gulping up credit; and it is going to cost more for everybody else relative to long-term lending.

As bad as the situation I have told you is, it is worse, because the Congressional Budget Office did not account for some things that we all know are going to happen; and I will tell you what some of them are.

The President has asked for \$18.5 billion to increase homeland security. He announced that just this morning. I will tell you what, I cannot speak for my colleagues, but I am inclined to look very favorably toward the President's request. We have to do what we need to do to get security for the people of this country.

The President also announced yesterday morning a \$48 billion increase for defense.

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So on top of these figures, \$18 billion yesterday, \$48 billion today, and that is just in additional expenses announced by the President on homeland security and defense.

The President continues to support, in the face of this red ink, a very expensive economic stimulus bill; whether one will pass or not remains to be seen. The cost to fully fund the recently enacted education bill, not a nickel of it is anticipated under the debt situation I have outlined. We are going to fund that education bill, at least in large part, and it is going to drive this debt situation higher.

We will extend expiring tax breaks, and that is going to drive the debt situation higher. Those of us representing rural America are bound and determined to pass a farm bill so badly needed by our farmers, and that is not included in the CBO budget projections. That means the budget projection is going to be worse on that one as well.

Mr. Speaker, when all of these actions are taken into account, and probably some more as well, the tax bill with many expiring provisions, those are likely to be extended, the alternative minimum tax, which will impact millions of Americans, an additional 35 million Americans will be hit with a tax increase under alternative minimum tax if we do not address that, and that has additional expense as well.

The long and the short of it, then, is that we have gone from surplus and wonderful opportunity to deficits in a single year.

Mr. Speaker, I say to my colleagues, we have to come to grips with this new fiscal reality as we start looking at what is to be accomplished with this Congress this year. We have to understand that any stimulus bill is going to be funded 100 percent from revenue coming in for Social Security. We have to understand that we are going to drive the deficit situation worse. As we look at these new spending areas, including those outlined by the President or those championed by many Members of the House, we have to understand that they are funded on debt and that we are basically sticking our children with the tab. We have to have a whole new dimension of fiscal responsibility, because the sunny days of surplus are behind us and the damnably dark days of deficits are once again with us.

I see a couple of colleagues that have joined me on the House floor, and each of them I have had the pleasure of working with on budget matters. I recognize at this time the gentleman from Pennsylvania (Mr. HOEFFEL), my friend and colleague.

Mr. HOEFFEL. Mr. Speaker, I thank the gentleman. I want to compliment the gentleman for organizing this Special Order and for his leadership on budget matters. The gentleman from North Dakota (Mr. POMEROY) has led the charge for fiscal responsibility and restraint in Congress for many years before I got here. I am proud to stand with him today to add my voice to those who are extremely alarmed by the budget problem, the budget crisis that we find ourselves in.

The charts that the gentleman has been describing, the points that he has made in his presentation, point out in crystal clear fashion the huge budget problem we are now faced with. We have burned through \$4 trillion of an estimated surplus that was projected a year ago at a total of \$5.7 trillion. Now the Congressional Budget Office says the surplus for the next 10 years is just \$1.7 trillion; \$4 trillion is gone from the projections due to war, due to recession, and due to tax cuts, those three reasons.

The President, the White House and the Congressional Members of the Republican Party are very sensitive to the notion that the tax cut may be responsible for this loss of surplus and the return of budgetary deficits. They are correct that it is not the only reason, and it is wrong for anybody to suggest that the big tax cut of last summer that will cost \$1.7 trillion over 10 years, that is not the reason that deficits have returned. But we cut it too close to the bone. We did not allow for the unforeseen. We said at the time a tax cut that large, if the economy leveled off, could push us close to deficit spending again, but we did not anticipate that the economy would actually go into the recession that we are still in. Certainly nobody could anticipate the war that we are in after September 11 and the huge amounts of spending that we all agree need to be spent to

improve our homeland security and to prosecute the war on terror.

So because of war and recession and a tax cut that was too big and too gimmicky and too much favoring the wealthy, we have burned through \$4 trillion of a surplus projection that was after all just a projection. It is not going to come true. We now have a very real government deficit, a budget deficit. This current fiscal year, and for at least the next 2 years, we are back into deficit spending.

Now, what is wrong with that? Is there anything wrong with deficit spending? Does it matter to people that we are no longer continuing with balanced national budgets that we enjoyed for 3 years? Does it matter that we are now once again borrowing money to pay for ongoing government operating expenses? I think it matters very, very much.

It is bad for the government to borrow. I mean it is just a bad policy. We should pay our own way. We should balance revenue and expenditures. We should not borrow money because it means we are going into debt and we have to repay that money. It is bad to allow the government debt to increase. We have been accumulating debt for 200 and some years. We quadrupled our level of debt during the Reagan and Bush years. During the Clinton years that debt was actually reducing as we balanced the budget and ran surpluses for 3 years. But now we will go back to increasing the government debt, a debt that our children and grandchildren will have to pay. It increases our annual interest payments on that debt.

The gentleman from North Dakota (Mr. POMEROY) just pointed out correctly that we now have \$1 trillion of increased interest payments over the next 10 years on our new borrowing. Paying interest on a debt is legally necessary. It is also the most unproductive thing we can do with Federal money. It does not buy a tank, it does not pave a road, it does not educate a child or provide prescription drugs for anybody; it is paying off legally-obligated interest payments to the people that lend us money. It is a bad position to be caught in and we do not want to be increasing our interest payments, but we will if we continue down the road toward government deficits.

We will also be increasing the interest rates that consumers have to pay. When consumers borrow for a house or for a college education or to buy a car, when we are borrowing money, when the Federal Government is in the private markets borrowing money, we are pushing up long-term interest rates and increasing the interest that consumers have to pay on their personal debt. It is a very bad practice.

But perhaps the worst is we are breaking our promise to stop borrowing from the Social Security and Medicare Trust Funds, because that is the first place we will go. When we start running deficits and borrowing money, the first place we will go is to

borrow even more, a practice that we stopped, from the Social Security Trust Fund and the Medicare Trust Fund.

Now, that money will be paid back. We are not stealing the money, and seniors should not be alarmed about that. But it is a bad practice. We should not continue to borrow from those trust funds. That is not why they are there. All of this is going to result from the deficit spending that we are facing.

We have a war, we have a recession, and we have big tax cuts. We need fiscal responsibility. We do not need fiscal denial. We need both political parties, both Houses of Congress, and the White House to face reality and to make some tough decisions and to be honest with ourselves, honest with our colleagues, and honest with our constituents about what we need to do.

Some people, for example, have called for a tax freeze. It is a proposal I favor. There is certainly not consensus on this at this point. One of the most distressing things about this notion is the response we hear from the White House and Republican colleagues that that is a tax increase, that Democrats are dying to increase taxes. Nobody is for that. Nobody is talking about raising taxes. I am not sure, I say to the gentleman, what it is about the word "freeze" that our colleagues do not understand. A tax freeze is not a tax increase. A tax freeze is a tax freeze. It means holding things in place. Why is that something we should consider? Because we do not know yet what it is going to cost to win the war on terror.

The President is going to ask for a 15 percent increase in the defense budget next year. We are all going to vote for that, or something close to what the President is recommending, because we have to win that war on terror. But we do not know over the next 10 years what the cost is going to be. We do not know what it is going to cost to improve homeland security. Hundreds of billions of dollars need to be spent in the next couple of years alone on improving homeland security. We do not know what that cost will be.

Should we not take a time-out? Should we not determine what our future costs are? Should we not factor in what it is going to take to address health care needs and public education needs? What about our desire to add prescription drugs to Medicare? Everybody wants to do that and we need to do it to keep faith with seniors, but it is going to cost a lot of money.

Mr. Speaker, I would suggest we consider a wartime tax freeze, because that is what we are in. In the Second World War, the United States increased taxes 500 percent, a factor of 5. Nobody is talking about a tax increase now. But that is what had to be done in the Second World War, and we still fell into debt as a result of that war.

We must be fiscally responsible. We must do the right thing by the tax-

payors. We must avoid government debt. We must avoid increasing our interest payments. We must avoid crowding out private sector dollars which then increases interest rates that consumers must pay. We must avoid borrowing more from the Social Security Trust Fund and the Medicare Trust Fund. We need to be fiscally responsible. That is why we are sent here. That is what we have to do.

I thank the gentleman for his leadership. I join with him in this enterprise. I am glad to be standing shoulder to shoulder with the gentleman.

Mr. POMEROY. Mr. Speaker, I thank the gentleman for his comments, and I very much appreciate his ongoing leadership on budget issues. They are at the core.

I have a chart which illustrates the point the gentleman was making about how did we get in this hole? We have to be candid about assessing what happened because that is how we are going to learn how to go forward. This part, looking out 10 years, is lost revenue due to the tax cut. So as we can see, the tax cut played a very major role in this sharp change in the fiscal fortune of our country. It certainly was not the only factor. The green shows the effect of the slowing economy. We slipped into a recession, and that has certainly made a bad situation worse. The blue and the purple underscore additional adjustments, including expenditures that will be made, not anticipated, in the budget forecast.

Combine all of these and we see that the Republican tax cut was perhaps the largest driver in putting us back into deficits, but it has been joined by a number of other considerations as well. It just goes to prove the point, we do not bet the ranch on everything working out perfectly. The budget bill did, and things have not worked perfectly, and now we have deficits to work with as a result.

I see that the gentleman from North Carolina (Mr. PRICE), my cochair of the Democratic Budget Group, has joined me on the floor. I do not think the body has a more astute student of the budget than the gentleman from North Carolina, and I yield to him for his comments at this time.

Mr. PRICE of North Carolina. Mr. Speaker, I thank the gentleman for yielding. I want to commend the gentleman from Pennsylvania (Mr. HOEFFEL), one of our colleagues who is most attentive to the budget process, for his statement. And I certainly want to thank my friend and colleague, the gentleman from North Dakota (Mr. POMEROY), an outstanding member of the Committee on Ways and Means, with whom I cochair the Democratic Budget Group. We meet every Wednesday morning and go over the sometimes arcane budget figures that we are dealing with. Those figures now are coming to life as we understand how much things have changed in this past year and as we stop and see what these figures portend for our country's fiscal

solvency and the kinds of things we need to do over the next 10 years.

□ 1230

These are figures we must attend to, and I commend my colleague for taking out this Special Order today to focus on our fiscal situation.

A year ago we were looking at a unified budget surplus over the next 10 years of \$5.6 trillion. Today that figure has been reduced to \$1.6 trillion.

I would just like to ask my colleague to elaborate on the fact that this is actually an optimistic figure, this \$1.6 trillion. Is it not true that it does not include the likely extension of certain popular tax credits like the research and development tax credit, as well as the repair of the alternative minimum tax that we all know is going to have to take place unless many, many middle-income people are going to run up against that tax?

It does not include the farm bill that is likely to pass in this Congress. It does not include the defense and homeland security requests that are going to be coming from the President and that we are going to want to support. None of that is included in this estimate.

So when we say that the surplus is now only \$1.6 trillion, that is actually an optimistic estimate. If we do all these things, then we are looking at a figure that is considerably lower. The figure that is now \$1.6 trillion could go well under \$1 trillion, something like \$700 billion dollars or \$800 billion. And natural disasters are not, I believe, in the mix either, the normal expenditures we make for recovery and relief after natural disasters.

So the figure we are looking at is really a best-case scenario. Yet, how much worse it is than what we thought we were facing just a year ago!

Mr. POMEROY. Mr. Speaker, reclaiming my time, I thank the gentleman for his comments. The Congressional Budget Office I think did a good piece of work in their analysis which was published yesterday forecasting the loss of the surplus, the 10-year run into deficit that we will now have.

They, however, in their forecasting, are bound to very formalized models, and these models cannot capture some of the extraordinarily likely and, in fact, inevitable actions that this Congress will take.

Let us just review them again. First, \$18.5 billion announced by the President this morning in homeland defense is likely to be added to the tab; next, \$48 billion announced yesterday for defense, certainly likely to be added to the tab; \$73 billion presently in the farm bill budget commitment likely to be added to the tab. That is on the spending side.

Are we going to do anything to fund the education bill we have just passed with such fanfare? You bet we are going to spend some money there. That is an addition on the spending side.

Then there is the tax side, because there are tax issues that simply have

to be addressed, tax cuts that have to be advanced. These include extending the tax cuts that were time-limited and expired at the end of the last year. They include fixing the alternative minimum tax so that 35 million Americans do not find that they are seeing their taxes on the one hand go down under their existing tax form, but the alternative minimum tax raising significantly their tax liability on the other hand. We are going to fix that. It is going to be expensive to fix that. That is in addition to all of this.

I actually believe that on a unified budget basis, which means all the revenues of the general fund, all the revenues coming in from Medicare and all the revenues of Social Security will be committed and spent and exceeded if we do not sober up to this new fiscal reality and collectively work together to address it.

I have been disappointed in my time in this body at the very small common ground we can find between the partisan aisle. One area where I would have thought we might have found common ground is that red ink is bad, balancing the budget is good. We have seen this attacked, frankly, on both sides of the aisle, but attacked most vigorously by the Republican tax cut that passed last May.

Last year is last year; what is done is done. But let us understand what happened as a result of that action and move together to fix it. We have got to reject that we are going to languish for the next 10 years in deficits, because our children will pay a terrible price if we act so irresponsibly as to run government on the red ink.

Mr. PRICE of North Carolina. If the gentleman will continue to yield, here, too, we are talking about a best-case projection. The figures that we have from the Congressional Budget Office suggest that the Republican tax act, including interest, is going to cost \$1.7 trillion over the next 10 years. That is 41 percent of the reduction in the surplus that we are talking about.

As the gentleman has stressed, there are other factors that reduce the surplus. There is the war on terrorism; there is the declining economy. But the most important factor is the Republican tax act; and as the gentleman knows, there are some very unrealistic sunset provisions in that Republican tax act; assuming, for example, that the estate tax comes back online full force in 2011. We know that is not going to happen.

So the figures that we have been given show that if that tax act does not sunset, if it in fact stays in effect, then we should add another \$400 billion to the tab. What it costs over this period will go to something like \$2.1 trillion. So this is, again, a conservative estimate of the kind of burden that we are going to bear.

Let me now refer to the gentleman's chart dealing with the national debt. It was only a year ago that the Congressional Budget Office was estimating

that the debt held by the public would essentially be bought down, or that all of it that could be redeemed would be redeemed, by about 2006. CBO was also estimating that the publicly held debt would essentially be wiped out by 2008.

Again, what a difference a year makes. That debate we were having a year ago, about how much of the debt we could realistically hope to buy down on favorable terms, seems like a very quaint debate right now, because we are in a different world, fiscally.

Dr. Crippen, the director of the Congressional Budget Office, in our hearing before the Committee on the Budget yesterday, confirmed that what we are now looking at by 2006 is not buying down the redeemable debt but buying down a very small fraction of the redeemable debt and leaving something like \$3 trillion in publicly held debt in place. By 2008, the debt will still be in the neighborhood of \$3 trillion.

What, I asked him, are we foregoing by failing to buy down this debt? Of course, our colleague, the gentleman from Pennsylvania, focused on one aspect of the answer, and that is that we are going to be paying an additional \$1 trillion in debt service. If there ever was money down the rathole, it is that money we pay in debt service, \$1 trillion more than was estimated a year ago. Think of the more productive public and private investments that those funds could be going into. Yet it is going into debt service.

In addition, we are not going to be paying down nearly the amount of publicly held debt we need to pay down in order to be in a position in the next decade to meet our obligations to Social Security and Medicare. We are building up assets in the Social Security Trust Fund at present, but we are going to need to redeem those bonds as the cash flow in Social Security reverses and the baby boomers retire.

The best way we can today be preparing to meet those obligations is to be getting rid of that publicly held debt and that annual burden of debt service. That is exactly what we are going to be unable to do unless we get hold of our fiscal situation and maintain a disciplined and systematic schedule of debt reduction, to remove this burden and get in a position to meet those obligations to Social Security when the bill comes due.

So I thank the gentleman for focusing on this. The opportunity costs for Social Security are obvious, because this is an obligation we are going to have to meet. There are also other costs. We need to add a prescription drug benefit to Medicare. That is a very expensive proposition; yet there is nothing more important to modernizing Medicare and meeting the health needs of our senior citizens than making that prescription drug benefit a central part of Medicare, available to any beneficiary who wants it. Yet I do not need to tell my colleagues that the fiscal situation we are describing here today is going to make it ever so much more difficult to meet that obligation.

Again, I thank my colleague for focusing on this fiscal situation. We have a job to do in, first of all, telling the truth about this budget and making certain that we have a common understanding here of the situation we face.

After all, both parties have counted on this surplus. Both parties have pledged their fealty to the Social Security and Medicare Trust Funds and have said that we are going to reserve those Social Security revenues for paying down debt and for ensuring the future of Social Security. We have counted on these revenues, and now they are going to be borrowed to pay for the President's tax cut.

We have a job to do in being truthful about the situation that we face, and together, one would hope in a bipartisan way, figuring out how to maintain fiscal responsibility and maintain our commitment to Social Security. We must begin now to formulate a responsible budget that will preserve our solvency and our fiscal options for years to come.

So I thank the gentleman for his leadership and for the very sobering information he has presented here today.

Mr. POMEROY. I thank my colleague, reclaiming my time, Mr. Speaker, for his very thoughtful comments.

The newspapers today carried a discussion about how the stimulus package will be put together. We also have to acknowledge this stimulus package is all funded from the debt. We have shown the Members where the surplus has gone, so any stimulus passed is debt-funded. That means it has to be put together in a way that really makes it worthwhile in terms of addressing the economic slowdown, because otherwise we are just running up the tab some more.

When we are in a hole, the best way to try and reverse it is to first stop digging, and passing a stimulus package on the debt reflects more digging. The majority proposal embraced by the President, pursuing an agenda of permanent tax breaks which go mostly to the affluent, and addressing the corporate AMT repeal, would have the least bang for the buck and do the least to stimulate the economy, even though it would cost the budget and continue to be funded, again, from the debt.

This budget business can get pretty arcane. We are challenged sometimes to get Members to focus on the long-term debt, even while they think about something as exciting as passing a new stimulus bill, spending more money, passing another tax cut. I think Members as a collective body here in Congress need to really evaluate how American families conduct themselves. We ought to try and follow the example of American families.

The people I represent are concerned about putting together something that they might pass on to the children. They do not, in their elderly years, try and run up their credit cards, double-mortgage the home, roar a bunch of

debt up that will ultimately be a burden on their children when they are gone. Far from it. They do not want anything about how they have conducted themselves to fall as a burden on their children. That is how families conduct themselves.

How have we conducted ourselves in management of the Federal Government? Let us look again at this chart.

We were on a path to pay off the national debt. We were even on a path to leave something in a positive balance, leaving something for our children. Last year came and last year went, and now the situation is totally different: red ink as far as the eye can see. We are going to leave our children debt. We are running up the debt before we pass on this country to our children.

If we do not come squarely to terms that that is not the thing to do, that we owe our children more than that, we are going to have a hellacious debt that they will have that will limit the dimensions this great country of ours will be during their lifetimes when we are gone.

I yield to my friend and colleague, the gentleman from New Jersey (Mr. HOLT), for his comments on this issue.

Mr. HOLT. Mr. Speaker, as a member of the Committee on the Budget, I really want to commend my colleague, the gentleman from North Dakota. I sense some animation in his voice right now as he is getting into this. There should be outrage throughout the country because of what is happening here.

A year ago, as the gentleman pointed out so well, we were arguing about how rapidly we could pay down the debt. Now, as the gentleman points out so well, we will be, and our descendants will be, saddled with the debt and the interest that goes with that.

The other side will say that this is because of the economic downturn and cyclic factors; and, indeed, there are some things that happened that perhaps were not fully foreseeable. The economic downturn was worse than people imagined, the war on terrorism has descended on us now, and we have obligations.

But when we had the budget before us last year, some of us said: build a cushion into the budget for this kind of unforeseen thing. So some of what happened was beyond our control, but some of it was very much the work of the leadership and the leadership of the Committee on the Budget for putting in place a tax cut that put us on this path so that we cannot at the current rate pay down the debt.

□ 1245

Mr. HOLT. And the reason we should be outraged about this is that this is not some financial technicality. This is money out of the pocket of any American, any American who has student loans, any American who borrows to buy a combine, any American who has a mortgage, any American who does anything involving interest. And so this is not just a financial technicality.

This is bread and butter for Americans. And the sooner we can shape up and get back on a path to pay down the national debt, the better will be the financial situation of all Americans. And we start by telling the truth.

I commend my colleague from North Dakota (Mr. POMEROY) for telling the truth. His numbers hold up. They are clear and accurate. We have heard our colleague, the gentleman from South Carolina (Mr. SPRATT), the ranking Democratic member of the Committee on the Budget go through these. And one thing I have learned through my years here in Congress, do not pretend to know more about numbers, budget numbers, than the gentleman from South Carolina (Mr. SPRATT). He knows them well.

He has shown how we have gotten onto this path. And in order to get off of this path so that we can begin to pay down the debt, the first thing we have got to do is be honest with the numbers. I commend the gentleman for doing it. He has laid it out so very clearly.

Mr. POMEROY. Mr. Speaker, I thank my colleague, and as a member of the Committee on the Budget, he has a very important role because we have got to get this debt under control. I appreciate his very intelligent, committed approach to this central question of the government. Will we or will we not pay for the operations that we fund? If we do not, our children will, and that is simply not fair. I very much appreciate his observations.

Mr. Speaker, I yield to the gentleman.

Mr. HOLT. Just a brief comment. While we were standing here talking, I was pleased to observe that we have done something else that is important to restoring trust to our process here in Congress, trust to the very idea of Americans being able to govern ourselves. And, that is we have picked up, I believe, the last signature, a Democratic member, a member of our party, signed the discharged petition to bring campaign finance reform to the floor for a vote. This is a historic step. It happened even as we spoke right here and I am pleased to acknowledge it.

Mr. POMEROY. Reclaiming my time, the gentleman has made an important announcement. The discharge petition for campaign finance reform has hit the mark; 218 Members have signed it and this bill will now come to the House floor. This is a tremendous achievement for this body.

At a time when the country is sickened by what has happened with the Enron Corporation and is looking carefully, as we all are, at what political shenanigans occurred in the process of this bankruptcy, this large company using phony books and pouring tens of thousands of dollars into the political system, the hue and the cry, enough is enough, address campaign finance reform grew louder and louder and louder.

We have been stymied by a very determined Republican majority leader-

ship that has done everything possible to keep the body from joining the Senate in passing campaign finance reform. And yet, tirelessly the work went on to get the signatures. We have a provision that majority rules around here. And when you have got most of the Members to sign a discharge petition to bring something to the floor it comes to the floor whether the majority leadership likes it or whether they do not.

Just now, moments ago, very important signatures of the last remaining Members were placed onto the campaign finance reform discharge petition, 218 signatures were reached. This bill will come to the House floor. The House will act like the Senate will act and we will send to the President a campaign finance reform bill.

I yield with this happy news to my colleague from Maine (Mr. ALLEN), who has been a leader in the effort to get campaign finance reform.

Mr. ALLEN. Mr. Speaker, I thank the gentleman. This is a very important day. As the gentleman mentioned, for a very long time now the House leadership has fought to prevent campaign finance reform coming to the floor under a set of rules that would be fair and appropriate. But today with the gaining of the final signature, we reached 218 signatures on this discharge petition. We know that that legislation, the Shays-Meehan bill, will come to the floor. I think a lot of credit goes to the gentleman from Massachusetts (Mr. MEEHAN), the Democrat who has been pushing this bill for a long time, and to the gentleman from Connecticut (Mr. SHAYS), the Republican who has worked tirelessly to make this a possibility. Against the leadership of his own party, he has worked extraordinarily hard to make this happen.

Most of the signatures on that petition are Democratic signatures, but there are some Republicans who are willing to stand up to their leadership and say that the time for campaign finance reform has come. It is embodied by the Shays-Meehan bill, a bill which has already passed the United States Senate under the name the McCain-Feingold bill. And now we will have a chance, the leadership cannot deny us a chance any more to vote on this legislation. So it is a great day, and that certainly will be the big story.

But let me come back, I want to make a couple of comments about the budget.

Mr. POMEROY. Reclaiming my time for a minute just before we leave this wonderful breaking news, we have got to credit the minority leadership for their role in getting the signatures. We do not have a majority here on the Democrat side, so we surely would not hit the target without some very brave participation from the Republican side of the aisle. And, after all, the very name McCain-Feingold represents on the bill that passed the Senate it is a bipartisan provision there. It ought to

be a bipartisan provision here. But what our leadership had to encounter was a very different posture from the majority leadership.

We believe the time came for campaign finance reform and the gentleman from Missouri (Mr. GEPHARDT) drove it as hard as he could. He has met the absolutely unyielding opposition, to even allow for a vote by majority leadership, the idea of campaign finance reform. I did not fault them for opposing it, but at least let us vote. The people want campaign finance reform. Let us vote. They did everything they could to stop it, but finally the people will have their way. This House gets to vote on campaign finance reform. And I applaud every single Member that put their signature on that discharge petition. This was not to be denied and now it no longer will be.

Mr. Speaker, I yield to the gentleman from Maine (Mr. ALLEN).

Mr. ALLEN. Mr. Speaker, this is a great development. We have to say that maybe finally with the collapse of Enron there is a recognition in this country that big money and politics is not a combination that is healthy for ordinary Americans, and I hope that we can change that.

Mr. ALLEN. Mr. Speaker, I wanted to make just a couple of comments about the budget. I have not been here for the whole debate, but I wanted to say that those of us last year who said over and over again as the President rushed this enormous tax cut through the Senate and through the House, we said this is a reckless proposition. It is an irresponsible proposition because it leaves no room for error, no room for error. They were making the assumption, in fact, the gentleman may have a chart available there that shows how the tax cut basically over the next 5 years would simply eat up, and that is the chart I was referring to, would eat up all of the non-Social Security, non-Medicare surplus. That really is what did the damage. And though certainly other factors have come into play since then, that you need to spend more money to defeat the terrorist network, the decline in the economy, it was that miscalculation that really was the more serious mistake.

I do not know whether others have mentioned it, but right now as a result of a downturn in the economy, virtually every State in this country is facing a State budget shortfall and all of the stimulus packages which came before the House and the Senate late last year, all of them would have made the predicament of our State governments much worse.

In my home State of Maine, it does not matter what the proposal was, we have been faced with a \$250 million shortfall over the next 2 years. And all of the stimulus packages were designed in such a way as to make that situation worse. The basic problem is that when you change Federal tax law, State tax law changes automatically in 44 of the States. And when we act here,

it is very important that we keep in mind our colleagues in State government who are trying desperately to protect Medicaid, education funds, all of those things that State governments do, and do so well.

Mr. POMEROY. I appreciate very much the gentleman's comments, as well as his ongoing participation in the Budget Group and his advocacy for sound fiscal policies in this country.

Mr. Speaker, I yield the balance of my time, about 4 minutes remaining as our time is expiring, to the gentleman from Texas (Mr. STENHOLM), who year in and year out has been the leading proponent for balanced budgets and sound fiscal policy. I am very pleased he has joined me for the conclusion of the special order, and I yield to the gentleman at this time.

Mr. STENHOLM. Mr. Speaker, I thank the gentleman for yielding, and I apologize for being a little bit late.

I want to commend the gentleman for beginning this discussion, one which I predict we will see day after day after day now talking about the economic situation facing our country.

The gentleman has joined me, as I joined him last year, in pointing out that there were perhaps some better ways to go about our economic planning, that we should have first, last year, fixed Social Security for the future. We should have fixed Medicare and Medicaid. We should have sat down and had open and honest discussions and debate and then votes on the floor of the House as to how we should provide for the future of Social Security, and how we should provide for the current future of Medicare and Medicaid. Most of our rural hospitals and now urban hospitals are facing the problems that we have created by nonaction or by passing an economic game plan that has now got us into the predicament we are now in less than 12 months after we stood on this floor.

I stood where the gentleman now stands and I looked at my friends on the other side of the aisle and said I disagree with you, but I hope you are right. And I sincerely did hope they were right, because the country would have been much better off had they been right. But then September 11 comes along and we had an unforeseen circumstance. We also now know we are in a recession, all of which had a major effect on the short-term implications of the budget.

But the economic game plan we are under for the next 10 years also has had a major implication, and one in which we are now going to have to have serious and open and honest discussion about where do we go. We cannot undo what we have not done. We should have dealt with Social Security first, we should have dealt with Medicare and Medicaid first. The leaders of this House on that side of the aisle chose not to do that. They chose to put in place an economic game plan that will now require us, this House, to increase the national debt limit from \$5.95 tril-

lion to \$6.7 trillion sometime next month or the month after. We cannot escape from that.

Mr. Speaker, I will yield back at this point. I look forward to participating in the future with the gentleman and others as we talk about and hopefully can have some more honest debate on this subject.

Mr. POMEROY. Mr. Speaker, I thank the gentleman very much for his comments and even more for his ongoing leadership. We have major work ahead of us trying to once again dig out of the hole that we put ourselves into, and I appreciate working with him.

Finally, Mr. Speaker, with about 2½ minutes remaining, I would yield the balance of the time to the other gentleman from Texas (Mr. DOGGETT) that has joined us, an excellent colleague of mine on the Committee on Ways and Means.

Mr. DOGGETT. Mr. Speaker, I thank the gentleman from North Dakota (Mr. POMEROY). I appreciate the leadership he has shown on this and in our committee.

Let me take this opportunity to discuss the link between the two subjects that the gentleman has been discussing: the mess we have with growing amounts of red ink in the budget and the mess we have with special interest money here in Washington.

Today is truly historic. During my entire career in Congress no one has succeeded in securing the signature of 218 members on a petition to discharge a bill for the House to act on. Since 1993, it has just not happened, and rarely has it happened in the entire history of this Congress.

□ 1300

Today, this historic step is taken; and it is closely related to what we have been talking about this last hour, because the reason we confront much of this mess is a direct result of special favors purchased by special interest lobbyists who come up here to avoid paying their fair share of taxes and ask to be treated in a different way than all the rest of us. We saw one after another approved last year, one after another being considered this year, cloaked under the term "economic stimulus." Enron, for example, paid no taxes and gave more in "soft money," banned by our reform bill, than all of its contributions to House and Senate candidates combined.

We can do something about the entire agenda of this Congress by approving this campaign finance bill. I want at this time to call under the discharge petition and applicable House rules for a full and fair debate of campaign finance on February 11, the second Monday of the month. I call on the Speaker, the gentleman from Illinois (Mr. HASTERT); the majority leader, the gentleman from Texas (Mr. ARMEY); and the majority whip, the gentleman from Texas (Mr. DELAY), even though they are 100 percent against campaign finance reform, to immediately schedule

the House in session on the second Monday in February. The House has spoken: "Delay no more."

I also want to take this opportunity to pay tribute to our new whip, the gentlewoman from California (Ms. PELOSI). She is doing a wonderful job; and while many people deserve some credit, certainly the decision of these fine individuals who have come forward and signed, I believe it would not have happened without the leadership of the gentlewoman from California (Ms. PELOSI). She is reinvigorating our caucus. It is appropriate that we see the first indication of her new leadership in the fact that we have joined together and are ready to cooperate with our Republican colleagues to make genuine reform a reality.

I thank the gentleman from North Dakota (Mr. POMEROY) for his leadership and Ms. PELOSI for her crucial leadership because now that the House has forced the Republican leadership to schedule debate, as set forth in the discharge petition, it is essential that we work together to prevent those who have obstructed campaign finance reform for so long from further delays. Those responsible for delay are so wedded to the same special interests that are creating the budget mess that we have. We must work together to ensure that this reform is enacted immediately because genuine campaign finance reform is connected to every other issue—Social Security, cleaning up the Enron mess, creating a fair tax system, and setting the Pentagon's budget—the Congress will consider this year.

THE CASE FOR DEFENDING AMERICA

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

DISCHARGE PETITION ON CAMPAIGN FINANCE REFORM

Mr. PAUL. Mr. Speaker, before I get into my Special Order that deals with foreign policy, in which I make the case for defending America, I would like to make a few comments about the campaign finance reform and the discharge petition that was just mentioned by our previous colleagues.

I do not share the enthusiasm that they do about bringing such a bill to the floor. I certainly do not share the enthusiasm of passing such legislation, because it sets us backwards if our goal here is to defend liberty and minimize the size of government.

The one thing I agree with him entirely on is that the problem exists. There is no doubt there is a huge influence of money here in Washington, and even in my prepared statement I mention how corporations influence our foreign policy and that something ought to be done about it; but campaign finance reform goes in exactly

the wrong direction. It just means more regulations, more controls, telling the American people how they can spend their money and how they can lobby Congress and how they can campaign. That is not the problem.

The problem is that we have Members of Congress that yield to the temptation and influence of money. If we had enough Members around here that did not yield to the temptation, we would not have to have campaign finance reform, we would not have to regulate money, we would not have to undermine the first amendment, and we would not have to undermine the Constitution in that effort.

I agree we have a problem, but I believe the resistance could be here without much change. The ultimate solution to the need for campaign finance reform comes only when we have a constitutional-type government, where government is not doing the things they should be doing. There is a logical incentive for corporations and many individuals to come to Washington, because they can buy influence and buy benefits and buy contracts. The government was never meant to do that.

The government was set up to protect liberty, and yet we have devised a system here where money talks and it is important; but let me tell my colleagues one thing, the Campaign Finance Reform Act that is coming down the pike will do nothing to solve the problem and will do a lot to undermine our freedoms, a lot to undermine the first amendment and do nothing to preserve the Constitution.

My Special Order, as I said, has to do with foreign policy. It is entitled "The Case for Defending America." As we begin this new legislative session, we cannot avoid reflecting on this past year. All Americans will remember the moment and place when tragedy hit us on September 11. We also know that a good philosophy to follow is to turn adversity into something positive, if at all possible.

Although we have suffered for years from a flawed foreign policy and we were already in a recession before the attacks, the severity of these events has forced many of us to reassess our foreign and domestic policies. Hopefully, positive changes will come of this.

It is just as well that the economy was already in a recession for 6 months prior to the September attacks. Otherwise the temptation would have been too great to blame the attacks for the weak economy rather than look for the government policies responsible for the recession. Terrorist attacks alone, no matter how disruptive, could never be the source of a significant economic downturn.

A major debate over foreign policy has naturally resulted from this crisis. Dealing with the shortcomings of our policies of the past is essential. We were spending \$40 billion a year on intelligence gathering. That, we must admit, failed. This tells us a problem

exists. There are shortcomings with our \$320 billion DOD budget that did not provide the protection Americans expect. Obviously, a proper response to the terrorists requires sound judgment in order to prevent further suffering of the innocent or foolishly bringing about a worldwide conflict.

One of the key responsibilities of the Federal Government in providing for national defense is protection of liberty here at home. Unwisely responding to the attacks could undermine our national defense while threatening our liberties.

What we have done so far since last September is not very reassuring. What we do here in the Congress in the coming months may well determine the survival of our Republic. Fear and insecurity must not drive our policy. Sacrificing personal liberty should never be an option. Involving ourselves in every complex conflict around the globe hardly enhances our national security.

The special interests that were already lined up at the public trough should not be permitted to use the ongoing crisis as an opportunity to demand even more benefits. Let us all remember why the U.S. Congress was established, what our responsibilities are, and what our oath of office means.

It has been reported that since the 9-11 attacks, Big Government answers have gained in popularity and people fearful for their security have looked to the Federal Government for help. Polls indicate that acceptance of government solutions to our problems is at the highest level in decades. This may be true to some degree, or it may merely reflect the sentiments of the moment or even the way the questions were asked. Only time will tell. Since the welfare state is no more viable in the long run than a communist or fascist state, most Americans will eventually realize the fallacy of depending on the government for economic security and know that personal liberty should not be sacrificed out of fear.

Even with this massive rush to embrace all the bailouts offered up by Washington, a growing number of Americans are rightfully offended by the enormity of it all and annoyed that powerful and wealthy special interests seem to be getting the bulk of the benefits.

In one area, though, a very healthy reaction has occurred. Almost all Americans, especially those still flying commercial airlines, now know that they have a personal responsibility to react to any threat on any flight. Passengers have responded magnificently. Most people recognize that armed citizens best protect our homes because it is impossible for the police to be everywhere and prevent crimes from happening. A homeowner's ability to defend himself serves as a strong deterrent.

Our government's ridiculous policy regarding airline safety and prohibiting guns on airplanes has indoctrinated us all, pilots, passengers and airline owners, to believe we should never