

frankly, I am confident that we will from both sides of the aisle. We will give this President the financial tools that are necessary to defend the interests of the United States

AMERICA NEEDS A WARTIME BUDGET

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

Mr. SCHIFF. Madam Speaker, this evening the Blue Dog Democratic Coalition in the House will discuss the administration's request that Congress raise the Federal debt limit, an issue that we must address tonight in light of our current fiscal situation.

Simply put, America needs a wartime budget. We need a budget that will provide the resources necessary to win the war on terrorism, but not a dollar of wasted spending, that will stimulate our economy without aggravating our long-term deficits and that will protect and reform Social Security and Medicare but not finance the war out of its trust funds.

In sum, our country needs a budget that will call on the American people to make sacrifices to win, sacrifices they are willing to make if only their leaders will have the courage to ask and speak plainly.

The President's budget is not there yet. The budget calls for the most significant increase in military spending in more than 2 decades, and most of that increase will enjoy broad bipartisan support. We will do everything necessary to protect this country and our armed forces.

The budget also proposes more than \$500 billion in additional tax cuts, and it also proposes some additional domestic spending.

And the budget requires sacrifice. There is only one problem. It is not we who are being asked to sacrifice, it is our children. America will win the war on terrorism whether we have a wartime budget or not. Such is the resolve of the American people. But if we do not manage our Federal budget properly during this time of war, we will have precious little for anything less, schools, roads, health care, our future, our kids. In our victory, it will be our children who have borne the full cost of the battle. Not only are they the ones who will do most of the fighting, but the war will have been financed from their retirement, from their Social Security, out of their Medicare, and from their GI bill.

Because we are in a two-front war, after all. We are in a war around the world in more than 60 countries that harbor terrorists like al Qaeda, non-traditional foes that do not wear army uniforms, do not carry a national flag and do not have any qualms about the deliberate killing of innocent civilians.

And we are in a second war on another very large front called the United

States where we must guard our civilian aircraft, our water supply, nuclear power plants, and a thousand other possible targets, and winning this war will be costly under the best of circumstances.

Every generation of Americans can be the greatest generation. Courage, patriotism, love of freedom and love of country course through American veins. That spirit did not die out among the generations of World War II, Korea, or Vietnam. We saw that clearly after September 11. But there is one virtue we have yet to demonstrate before we can take our rightful place among the greatest generations: the willingness to sacrifice.

The price of freedom is high, and Americans have always paid it, President Kennedy said. We must pay it still. We should not, we must not, make our children pay it for us.

America has always been willing to sacrifice. She still is. But she must be asked by leaders who are willing to speak candidly about what is at stake and what it will take to win. She must be asked by leaders with faith in the essential generosity of the American people and who will not tell us that we can have our cake and eat it, too.

Members of the Blue Dog Coalition have always believed in crafting a budget in a balanced and thoughtful way that maintains our fiscal discipline, continues to pay down our national debt and does not rely on rosy or unrealistic long-term projections. That has been a hallmark of this group's legacy in Congress. A central component to fiscal discipline is putting forth a budget that is responsible and honest.

The administration has come to Congress and has asked this body to approve raising the debt limit so our country can continue to operate. We agree that this action is necessary, but we urge the administration to work with us to establish a long-term plan that is based on a realistic budget proposal. Only with an honest account of our economic outlook can we responsibly plan for the future of this Nation.

As we craft a budget for fiscal year 2003, we need to understand fully what our Nation requires and we need to use real numbers. We must accurately account for every tax reduction, and we need to include government expenditures that are virtually certain to occur.

Unfortunately, many costs have been left out of the administration's budget calculations. The budget is not balanced, and I would encourage my colleagues to take a closer look at some of the calculations used in this year's budget proposal. Here are a few examples:

First, the budget makes recently proposed and enacted tax cuts permanent. However, it does not include the cost of extending the individual Alternative Minimum Tax beyond 2004, which is almost certain to occur. The budget assumes that there will be 39 million taxpayers subject to the AMT by 2012, but

there is almost no possibility that that will be allowed to take place. In fact, the Joint Committee on Taxation estimates that the cost of addressing this problem alone amounts to several hundred billion dollars over the next 10 years, a cost which the administration budget leaves out.

Second, the administration's budget extends certain popular tax credits for only 2 years, while it is almost certain that they will be extended for the full 10 years. Research and development tax credits, for example, have been in place since 1981 and have been instrumental in our Nation's ability to develop technology, biomedical research, and scientific breakthroughs. We cannot realistically expect that these tax credits will be phased out in 2 years. But the administration's budget proposal only includes them for 2 years instead of 10.

Finally, the budget proposal also underestimates the costs of all the new proposed tax cuts by phasing them in very slowly so that their full cost will not appear until late in the decade. For example, the proposed deduction for charitable contributions would not become fully effective until the year 2012.

The budget that came from the White House estimates its tax cut proposals as costing \$665 billion between 2003 and 2012. In reality, the cost would be much higher. The Center for Budget and Policy Priorities estimates the true cost is closer to \$1 trillion over the next 10-year period, and that is not all.

Under the House-passed economic stimulus bill, huge retroactive tax relief would be provided to some of America's largest corporations. Enron itself would have been the beneficiary of more than \$250 million in tax benefits, all at a time when we are spending the Social Security surplus.

The President, as well as the House leadership, must rethink the magnitude of these new tax cuts which have been proposed. Some tax cuts are desirable. They have a stimulative impact on the economy if they are designed to affect current spending, and they empower the taxpayer to control more of his or her own financial choices and destiny.

When we had a \$5.6 trillion surplus and no war, we could afford a substantial tax cut, and I supported the President. But now we are at war. We have no surplus, and we are spending the Social Security trust fund.

While I would not blame the President for the recession and none can fault him for the war that has been thrust upon us, the fact remains that we now have both and we cannot shrink from the consequences. We need a plan for the long-term budget that brings us back to a time of fiscal responsibility. We are spending money faster than it is coming in and, in doing so, we are risking the long-term solvency of our Federal budget and, worse, we are mortgaging our children's future. We must come together to offer an honest budget for the American people, one without gimmicks

that disguise short-term costs and inhibit long-term stability.

We must work together in Congress and with the administration to resurrect a balanced budget, applying accurate economic and fiscal assumptions and without using the Social Security surplus.

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Madam Speaker, we have several members of the Blue Dog Coalition here this evening to address these issues, and the first Member I would like to introduce is from the State of Indiana (Mr. HILL). The gentleman from Indiana (Mr. HILL) has used his experience and financial background to make great contributions to the budget debate in Congress and has been a leader on the issue of fiscal responsibility.

Mr. HILL. Madam Speaker, I thank the gentleman from California for yielding.

Madam Speaker, the Federal Government is up to its eyeballs in debt once again. Now the administration is asking Congress to throw it a life preserver so it can, in the words of the Treasury Secretary, "restore the American economy to the path of long-term growth and ensure the premier status of the Federal Government's debt obligations."

Now, what is the price tag for accomplishing these aims? Three-quarters of a trillion dollars; three-quarters of a trillion dollars in additional debt, three-quarters of a trillion dollars more debt for our kids and our grandchildren.

Now, let me be clear: I am committed to making sure the United States Government can meet all of its fiscal obligations. We Blue Dogs are not down here this evening to propose that Congress should let the Federal Government drown in its own debt. But let me also be clear that it makes no sense for Congress to toss Treasury a 24-karat-gold life preserver, when the administration has not explained how it will put us back on the path of fiscal responsibility.

Being back home in southern Indiana the last 11 days gave me the opportunity to listen to Hoosiers and their concerns. Without exception, the people I heard from know what it means to be fiscally responsible. They understand you cannot spend more than you take in. They understand that if for some reason you are in debt, you need to plan to get out of debt. They understand planning from week to week and month to month will require them to make some tough choices.

Our constituents deserve nothing less from us. I am prepared, my Blue Dog colleagues are prepared, and we all must be prepared to make the tough choices here in Congress.

Tonight we are asking the President to take the lead and show us the way back to a balanced budget that does not use the Social Security surplus. The President's proposed budget makes clear that there is much work to be

done in order to achieve this goal. In fact, it projects deficits financed by borrowing the Social Security surplus through the year 2009.

Times have certainly changed. In 1999 and 2000, the entire Social Security surplus was available to pay down the national debt. By contrast, this year and next the Federal Government will spend every single dime of the Social Security surplus on everything but Social Security and paying down the debt. As a consequence, the national debt is now expected to be roughly \$2.75 trillion larger than was estimated just a year ago.

It should come as no surprise, Madam Speaker, that Hoosiers also understand how this increased debt burden can make their already-tough choices even tougher. With the Federal Government again borrowing from the public, long-term interest rates almost certainly will not come down. In fact, they probably will rise. As long as these rates are static, or, worse, on the rise, small business people, credit card users and home buyers will get pinched.

Plain and simple: the size of the national debt matters, not only to those who make their living crunching numbers and working in think-tanks.

The President has performed admirably while prosecuting the war on terrorism. Tonight, Madam Speaker, we are asking that he exhibit the same leadership by proposing a way to get the country's budget back on track, and that means balanced budgets and hands-off on Social Security surpluses.

Mr. SCHIFF. Madam Speaker, I thank the gentleman for his comments this evening and his leadership on this issue.

The gentleman talked about the impact of a deficit-spending pattern on long-term interest rates, and when we talk about a mortgage on our children's future, this is not simply rhetorical; it really is literally a mortgage. As we have seen over the last several months, as the Federal has lowered short-term interest rates it has had very little effect on long-term interest rates. Why is that? Because, over the long term, given the budget that we have, there is the expectation that the government will continue to borrow and borrow more and borrow more, and those long-term rates are remaining stubbornly where they are.

What does that mean for our children and for ourselves? It means that many people will be priced out of a home and that others that have a home will have that home with a mortgage that is far higher and they will be paying more for it.

There is no free lunch here with deficit spending. We pay for it, and we pay for it in the form of higher interest rates and sacrifices we make to our children's future.

The gentleman from Indiana (Mr. HILL) talked about the reason why we are here tonight, the Secretary's request for \$750 billion in new authorization for new debt. Where does that

come from? Why does the administration come to Congress to ask for the authorization of new debt?

Congress has always played a vital role in managing the national debt. Prior to 1917, Congress approved each issuance of debt, including determining its interest rate and term. Then Congress passed the second Liberty Bond Act of 1917, which allows the Treasury to borrow as necessary to finance Federal activities up to a specified legislatively adopted limit.

That law was initially adopted to facilitate wartime planning during World War I and to accommodate the Treasury's need for flexibility in financing growing government activities. It also freed Congress from having to legislate each issuance of government debt.

The limit persisted after World War I and has been raised periodically as government debt has increased, which leads us to where we are today. The administration has come to Congress asking us to raise the debt limit a full 7 years earlier than it predicted when the budget was submitted only last year.

Of course, we all recognize much has changed in the past year. We acknowledge the needs of our Nation during a time of war and recession, and we agree that the debt limit should be raised in order to avoid a financial crisis. However, we cannot simply write a blank check to increase borrowing authority without safeguarding the American taxpayers from even further increases in the national debt.

The request to raise the debt presents us with an imperative that we examine our long-term budget policies. We must first understand how we got to this point. The national debt is an accumulated IOU that the government owes the people and institutions that have been lending it money for decades. Our current debt stands at nearly \$5.95 trillion. This debt represents the amount borrowed by the public to cover the Federal Government's budget deficits, and the debt held by the government accounts represents the amount of Federal debt issued to specialized Federal accounts, primarily trust funds like Social Security.

Now the administration estimates it will hit this current \$5.95 trillion ceiling by late March, jeopardizing the timely payment of government bills. The Secretary has asked Congress to provide \$750 billion in additional borrowing authority to last until 2004.

It seems ironic that just last year the administration predicted that there would be no need to raise the debt limit until 2008. In fact, if you recall, and it seems quaint today, we were warned about the dangers of paying down the debt too fast.

Certainly it is true that unforeseen circumstances, including the devastating events of September 11, our involvement in the war on terrorism and the downturn in the economy have contributed greatly to this situation, and we all recognize the necessity of

allowing the Federal Government to continue operating by raising the debt limit. But we also recognize the responsibility of Congress to work with the administration and ensure that we have a long-term economic recovery plan.

Let me now introduce my colleague, the gentleman from Arkansas (Mr. BERRY). As a pharmacist, he has been active on prescription drug issues, and has been dedicated to paying down our national debt and saving the Social Security Trust Fund and Medicare.

Mr. BERRY. Madam Speaker, I thank the distinguished gentleman from California, and I particularly appreciate his efforts this evening to address this issue that we are going to be faced with very shortly.

The first year I served in this House, 1997, I think was the last time that we raised the debt ceiling; and I remember for as long as I can remember the talk on this floor was that we had to have a balanced budget, that we should pay off the debt, that it is our job to be fiscally responsible. We have all heard that. I would bet there is not a Member of this House or a Presidential candidate or a Member of the United States Senate that has not sworn their allegiance to that idea, that we have to live within our means.

There are certain times that one never forgets. One of mine is last year, just about this time, the new Director of the Office of Management and Budget came to the Blue Dogs and he made this statement: "My greatest fear is that we will pay off all of the national debt and no one will be able to buy a United States Savings Bond and they won't have a safe place to invest their money."

It is with great regret this evening that I have to tell you that those bonds are going to be available for a long, long time. The bad news is, our children and grandchildren are going to have to pay them off.

We have all heard that we should run government like a business. This is no way to operate. And yet here we are going to be forced to vote to increase the debt. We should not do that until there is a plan in place to deal with this problem.

We have spent all of the Social Security Trust Fund. It is all gone. There is no money left in it, and we are going to borrow a lot more to go with that. Then we are going to turn around and say to our children and grandchildren, we squandered it; we had the chance, and we did not do anything about it. We blew it. We spent it all, and now you deal with it. It is your problem.

That is no way for the greatest Nation in the history of the world to operate. It is irresponsible, and we should not let this happen.

Our Blue Dog Coalition has been dedicated all the time I have been around and before that to fiscal responsibility, and I am proud to be associated with all of the Members that participate in the Blue Dog Coalition be-

cause of their commitment to this one idea, that we can operate within our means, and we should operate within our means.

It is a heartbreaking thing for me to think that we will spend all of the Social Security Trust Fund, and borrow more money than that, and turn around and pass that debt to our children. What responsible person would do that to his children, to his family, and what responsible Congress would do that to their country?

I want to thank the gentleman from California again for his leadership in this matter, and thank him for yielding time.

Mr. SCHIFF. Madam Speaker, I want to thank the gentleman from Arkansas for his statement this evening. It so clearly mimics, I know, what my family taught my brother and me. It was very important to my parents that they pass on to their children more than what they inherited; that they passed on a safer community, better schools. They wanted for their children more than what they had.

I feel that same commitment. I am a relatively new dad. I have a 3-year-old, and I have a new child on the way; and when I think about what we are going to leave for my children, and I ask myself the question, will they have as good public schools as the ones I went to, will they have a decent health care system, will they live in a safe community and a safe country, what will be set aside for their future? It is times like now that we are put to the test as a generation. What will we leave our children?

Madam Speaker, I would now like to introduce another colleague from the Blue Dog Coalition, the gentleman from Utah (Mr. MATHESON).

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The gentleman from Utah (Mr. MATHESON) is a member of the Committee on the Budget. He has been committed to working in a bipartisan fashion to ensure that the Federal budget is fiscally sound and balanced, and all I can say to the gentleman from Utah is if we could get the budget in as good of shape as the Olympics were run in Utah, we would be in very good shape.

Mr. MATHESON. Madam Speaker, I thank the gentleman for conducting this session tonight with all of the Blue Dogs to talk about what I think is such a critical issue.

Let us remember why we are here. We are talking about a request that has come in for us to raise the debt limit by \$750 billion. We throw numbers around here all the time, and sometimes they lose a little of their meaning. We should really think about this. This is a lot of money, and it is going to extend the debt limit by a lot.

Think about how this relates to us in the private sector. Before I came here, I worked in the business world. There were times when I used to develop a couple of large projects and I had to go

to a bank because I did have to borrow money to help pay for the project. There are times when one does need to go into debt to borrow money for a project in the business world, to take out a mortgage on a house. But what I had to do when I took that money out for that business project is I had to have a story I could tell to the lender about how I was going to pay that money back over time. When I took out a mortgage on my house, I had to explain to the lender how I was employed, how I had a salary, and how I was going to be able to pay back that mortgage over time.

The problem we have here now as Members of Congress is that we are being asked to take on this new mortgage, \$750 billion, in fact, a pretty big mortgage. The story has not been told about how we are going to get out of this pattern, about how we are going to get out of going back to borrow and borrow, about how we are going to pay this mortgage off. I think that is a relevant question to be asking.

I do not want to force the government into some financial catastrophe by having to be put into a situation where Congress is not willing to ever raise the debt limit, because there are circumstances where sometimes the government is going to have deficit spending: times of war, times of economic recession. We may have some difficulties in certain circumstances.

But the notion, the notion that we should raise this limit by this huge magnitude, \$750 billion, with no story, with no story about how we are going to stop the red ink and how we are going to ultimately pay this off, that is fiscal irresponsibility.

So I call on the President, I call on my fellow Members of Congress. We need to work to articulate a story for how we are going to get out of this mess, get out of the deficit spending pattern; and if we are going to raise the debt limit, \$750 billion is not necessarily what we need to do. Maybe we should look at a lot lower number while we work on a plan to get away from this deficit spending habit.

That is the way it works out in the real world, in the business world when we need to borrow money to finance a business, in one's personal life to borrow money to purchase a car or a home, and Congress should act in much the same way.

So that is the thought that I want to pass on tonight.

Mr. SCHIFF. Madam Speaker, I thank the gentleman from Utah for his leadership on this issue and for the bipartisan way he has approached it. In fact, as a member of the freshman class that we share, the gentleman from Utah is the liaison to the Republican freshman class and has endeavored on many, many issues to work together and find common ground, and what more important area to find common ground than this, than the future of our country, than fiscal responsibility, which both parties espouse, but here is

the time where the rubber hits the road.

The gentleman from Utah talked about this mortgage and these interest payments, and I think it is not only a problem because of the interest that we will pay or the debt that we will accumulate but the lost opportunity that that interest represents. The Blue Dog Coalition has always been concerned about the vanishing surplus and what this represents in terms of our lost opportunities.

The new budget reports indicate that the government will return to deficit spending and raid the entire Medicare surplus and further raid Social Security by more than \$1.5 trillion over the next 10 years. During the budget debate last year, Congress and the President agreed that the Social Security Trust Fund surplus would be put in a lockbox and saved to prepare for the retirement of the baby boomers. The new projections show this promise will not be kept; and, unfortunately, the new projections instead show a return of budget deficits, borrowing from Social Security, and rapidly increasing national debt.

What is so worrisome about raising the debt limit is the effect it will have on the amount of interest we will pay on that national debt. The public debt, that is the debt that is held by public investors, is subject to rising interest costs, and the budgetary effect of that higher debt is obviously higher interest payments. This reveals a major change from last year's budget forecast.

Last year's budget forecast projected net interest payments on the debt of \$1.13 trillion over 10 years, with a payment in 2011 of only \$20 billion. This year's budget projects net interest payments of \$1.79 trillion over the same 10-year period, with a 2011 payment at the whopping sum of \$159 billion. Over \$1 trillion in the next decade will be spent solely to pay interest on our debt, over \$1 trillion that we cannot use productively for Social Security, for a prescription drug benefit under Medicare, to facilitate a Patients' Bill of Rights, to improve our schools, to reduce class sizes, to rebuild crumbling infrastructure. That is \$1 trillion in interest payments that cannot be used for anything else.

A close look at the growing interest rates on our national debt reinforces the importance of long-term debt reduction. It is reasonable and appropriate to run temporary deficits during a recession and war, and we support the President's effort in the war on terrorism. However, under a responsible fiscal policy, the temporary deficits incurred must be offset by a return to budget surpluses when conditions improve. The most effective way to achieve economic growth and ensure our country returns to that era of budget surpluses is to increase our national savings, and the most direct way the government can increase national savings is to reduce its debt and thereby free up resources that the private

sector can turn into productive investments.

The last decade has shown the undeniable connection between declining budget deficits and increasing investment. The best way to maintain business investment, productivity growth, and low interest rates is to implement fiscal policy targeted towards reducing the debt. We cannot let all that we gained during the economic boom in the 1990s to be lost in the early years of the 21st century. So while we are confronted with this need to raise the debt ceiling, we must keep in mind, as my colleagues have pointed out, the principal element we must ensure, and that is long-term fiscal discipline and economic growth.

I would now like to yield to an outstanding leader of the Blue Dog Coalition, the gentleman from Texas (Mr. STENHOLM). The gentleman from Texas is respected on both sides of the aisle. He has reached across partisan lines to promote fiscal responsibility and has been a leading advocate for years on debt reduction.

Mr. STENHOLM. Mr. Speaker, I thank the gentleman from California for yielding to me. I thank him for leading this discussion tonight.

I know that perhaps there are some that are watching tonight and are saying, what is your alternative? Let me remind everyone that just a year ago, the same Blue Dogs stood in the well, stood at this mike, stood at others, and we offered an alternative budget. We at that time pointed out that the so-called surplus of \$5.6 trillion was projected. We did not believe it was the conservative thing to do, to allocate all of that \$5.6 trillion. We suggested paying down the debt with half of it, and then we suggested being very fiscally responsible with the spending as well as the tax cuts.

We lost that vote. Our friends on the other side of the aisle said, thanks, but no thanks. We have the formula, we have the plan, and the surplus is real.

We also pointed out to our friends on the other side of the aisle that, yes, we had a surplus, but many of my constituents were saying, how can we talk about a surplus when we have a debt? We owed \$5.6 trillion last year at this time. That is \$5.6 trillion. We also were completely ignoring the \$20 trillion unfunded liability of the Social Security system. We Blue Dogs said we thought it would have been the prudent thing to do last year to deal with the future of Social Security and Medicare. We said that is what we should have done first.

But no, the leadership of this House, and this is certainly within their prerogative, they said, no, the important thing for us to do is to have a tax cut; and that is what we did.

Well, here we are now, and I want to show this chart here. This was a letter dated February 13, 2002, to the gentleman from New York (Mr. RANGEL), the ranking member, from Secretary O'Neill. The interesting thing about

this letter is, yes, he talks about the fact that the war has changed things, the economy has changed, and all of us agree to that. There is no question from any of us tonight that we must pay for the war, and there is no question that we are in a recession and that recession started considerably more than just a few months ago.

But the interesting thing about this letter is that in this letter he admits that we were going to have to increase our debt ceiling in 2003. Not 9 years, not 8 years, not any of the other rhetoric that we have heard.

I show this to indicate that, as we will be seeing more and more of us on the floor over the days and weeks ahead, that we really and truly, as the gentleman from Utah (Mr. MATHESON) said a moment ago, we have a credit card. Most everyone has a credit card today. I have a big mock-up here we will use a little bit later showing one from the Republican National Committee. When we have a credit card, we have a debt limit, we have a borrowing limit, we have a credit limit on what we can borrow; and when we reach that limit, then we have to go to the credit company and convince them that we are worth taking a little additional risk on. We go to the bank. That is true. When you borrow to your limit, then you have to come up with a plan of how you are in fact going to convince your banker that they ought to loan you more money.

That is the most upsetting thing to we Blue Dogs tonight. What we are going to continue to suggest is that raising the limit to \$750 billion in one vote, without a plan, does not make sense, does not make sense to any small businessman or woman, does not make sense to any working man or woman, does not make sense to anyone that finds themselves in a credit difficulty to believe that you can go to your banker and convince them that they ought to loan you \$750 billion until you come with a plan.

That is the problem that we face tonight, giving a blank check to the administration without having a plan. Now, here again, many of my friends on the other side of the aisle say, well, what is your plan?

We have a plan. We had a plan. We voted on it last year. We lost. We are perfectly willing, in fact, we pleaded with the other side of the aisle time and time again, where is the meaning of bipartisan? We are ready to reach out and to work with the majority party in coming up with a plan. It is their plan that we are concerned about, and for them to believe that anyone on our side of the aisle would vote for their plan that is going to use all of the Social Security surplus for the next 9 years does not make sense. It does not make sense to me, and I do not believe it makes sense to the American people.

The last two votes to raise the debt limit in this body came at a time when Congress and the President were engaged in bipartisan negotiations on a

balanced budget plan that ultimately led to the Balanced Budget Act of 1997. The current situation is very different. The President has submitted a budget which projects deficits financed by borrowing the Social Security surplus for the next decade and beyond, without first passing a plan as to how we are going to save Social Security for our children and grandchildren. That is to many a small item; and, yes, there are two small items in my case, and they are my grandsons. I resolved 6½ years ago when the first grandson was born that I did not want him to look back 67 years from that day and say, if only my granddad would have done what in his heart he knew he should have done, we would not be in the mess we are in today.

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To raise the debt ceiling and borrow another \$750 billion over the next few years, and then to increase our debt over the next 10 years under the plan that we are now under by \$2.75 trillion, is something I could not do, cannot do, will not do under any circumstances.

We will stand here and we will suggest, and I think the gentleman a moment ago made a good suggestion, let us borrow the amount of money necessary to fight the war. Whatever it takes to make sure that we continue to fund the Federal Government fighting the war, let us do it. But let us continue to have a little discussion on the other aspects of the economic game plan that we are under today. Let us talk about it; let us discuss it.

If there was some reaching out to our side, we would find there would be an agreement. I conclude just as I started: I am sick and tired of hearing my friends on the other side say, "Well, what is your plan?" We had a plan. We put it on the floor last year. They did not like it. They passed their plan. Now they are coming back and saying, oh, by the way, we have to borrow \$750 billion more to implement that plan.

That is not what they said when they stood on the floor last year. In fact, if Members remember, we were worried that we were going to pay down our national debt too quick. We actually had colleagues saying, "Well, we cannot pay down the debt as quick as we are going to pay it down." Would that not have been a wonderful problem? Because last year at this time nobody foresaw 9-11-01. No one foresaw that.

We are not prophetic. All we Blue Dogs said is that there just might be something that would happen, or maybe the stock market might not go up forever, just maybe something is going to happen; and it would have been the conservative thing to do to plan for that. Nobody listened to that.

Well, we had a pretty good vote. If there had been 14 more votes, we would have been here defending our plan tonight. Instead, we are here saying, "Let us rethink borrowing \$750 billion. Let us go to the drawing board. Let us work out the future of Social Security.

Let us work out the future of Medicare. Let us do it within a conservative budget and a conservative principle."

Borrowing money to the rate that the other side is talking about doing is not conservative, in my book. I thank the gentleman for yielding, and I appreciate his leadership on this. I appreciate all of my Blue Dogs.

Members are going to see and hear a lot more of us, and I hope very soon we will be joined by some colleagues on the other side of the aisle as we try to find an answer to this question, other than just borrowing and going further into debt.

Mr. SCHIFF. Madam Speaker, I thank the gentleman from Texas. He has long been a clarion call to fiscal responsibility in this House, and I remember like it was yesterday the gentleman from Texas standing on this floor and talking about the unreliability of 10-year projections, how it was simply not prudent to anticipate that only the most rosy scenario would materialize; and indeed, even in August, before the tragic events of September, we could already see the wisdom of the words of the gentleman from Texas (Mr. STENHOLM) as we saw those projections already being radically revised downward.

Would that we had more colleagues on this floor listen to those words last year, and we might not be in the fiscal predicament we are in today.

The gentlewoman from California (Ms. SANCHEZ) has put her financial background to use in Congress and has stood out as a leader, both in education and in issues affecting our Armed Forces. The Congresswoman has worked in a bipartisan way to shape policies that benefit the people of Southern California and our country in a fiscally-responsible manner.

Madam Speaker, I yield to the gentlewoman from California (Ms. SANCHEZ).

Ms. SANCHEZ. Madam Speaker, I thank my colleague, the gentleman from California. It has been a pleasure to have him here in the Congress and to work together as Blue Dogs on issues that really affect us.

I always tell my friends who ask me, what do the Blue Dogs do, I tell them, we are sort of like the bean counters, the accountants, the people who really want to set the record straight about what is happening with the money issues of the Congress. We do not want to do a lot of smoke and mirrors; we just want to talk about what it takes to do what we want to do and have a fair vote up and down on what we want.

I was happy to hear my colleague, the gentleman from Texas (Mr. STENHOLM), talk about the fact that a year ago, as we discussed this large tax cut that was passed mostly with Republican votes and signed by the President, that many of us who have been in the financial industry, and I was an investment banker, many of us said, we need a plan. Whenever we go and look at the future of what is happening, we

have to have an idea of what we are going to do with the money, and if we have overruns, where we are going to get that money. We have to have cushions to what we are doing.

Many of us said to that tax cut that the biggest problem with it was it was done on rosy projections at a time when all of us knew that the economy was stalling on us, and we just knew that those numbers were not going to work.

So here we are today. Last year, no politician, no policymaker, none of us could have imagined that we would be here talking today about raising the statutory debt ceiling. At that time, the administration and the Congressional Budget Office were predicting that no increase was going to be necessary in this until 2008, if at all.

What a difference a year makes, and it was not about 9-11. Yes, we are spending a little more on defense and on home security, but that is not what this is about. This is about raising the debt ceiling and raising it without a plan in place.

When I used to issue debt for agencies or for companies, when I would put bonds out there, one of the things that we had to do was write a prospectus and talk about what we were going to do with the money, why we were borrowing it, how we were going to make the money back, and how we were going to make the payments on that debt in order to bring the debt down. But here, this administration wants a \$750 billion increase, and they do not even have a plan.

So I agree with the rest of the Blue Dogs here tonight that we need a plan, and we need to keep pushing for a plan. We do not need to increase this to \$6.7 trillion, an increase of \$750 billion.

Since 1940, the debt ceiling has risen by over 12,000 percent, and here we go again. The money right now, \$5.95 trillion, that is the debt ceiling we have right now. It is even hard for people to imagine back home what \$5.59 trillion is. I tell people, if they imagine all the people in the world, and each one of those owed \$1,000, every man, every woman, every child in the world, they would get close to what that debt ceiling is.

So where does it stop, with \$750 billion this day, another \$750 billion the next year? What about the budget that we have from the President right now, the one that says he wants to extend these tax cuts? We are going to have to keep increasing this debt ceiling because our debt is going to keep going up.

One of the problems is, the more debt we get, the more interest we have to pay, the more we add to our debt. Think about those credit cards we have. When we make that minimum payment every month, the interest rate makes it be more the next month, so we keep making payments, but what we owe on the credit card is more and more and more as every month comes along.

That is what we are doing to ourselves when we do not make a plan, a fiscally-responsible plan about how we are going to balance our spending with the revenues that are coming in.

To my colleague, the gentleman from California, I thank him for allowing me to come down here and talk a little bit about how people back home understand how important it is to pay down this debt, not continue to increase it; and how, if they have to go to their bank to get a loan, they need to tell them how they are going to pay it back.

I think most Americans across this great country understand that sometimes, in a time of war, we need to borrow and we need to make sure that we win this war. But they also want that plan. They want us to be fiscally responsible.

Mr. SCHIFF. Madam Speaker, I thank the gentlewoman for her statement and for her leadership on this issue.

The gentlewoman from California talked about when she was issuing bonds that she required a prospectus. The gentleman from Utah talked about when he went to a banker, he was required to give the banker what he termed a story, something that would account for why he could pay back the debt.

So what is the administration's prospectus? What is the story? What is the plan to get us back to balanced budgets? As I understand it, according to the director of OMB, the plan is, well, if the economy grows at a faster than anticipated rate, maybe we will get back to a period of surplus again.

Imagine telling that to our local banker when we are going out for a small business loan: Mr. Banker, if my business grows faster than can be reasonably expected, then I will be able to pay you back. That would not fly with our local bank, it would not fly with the municipality, and it ought not to fly with the Federal Government.

Another one of my colleagues from the Blue Dog Coalition is the gentleman from Texas (Mr. TURNER). The Blue Dog Coalition policy co-chair, the gentleman from Texas (Mr. TURNER), has led our coalition on many issues and has been recognized for his stalwart commitment to fiscal responsibility.

Madam Speaker, I yield to my friend, the gentleman from Texas (Mr. TURNER).

Mr. TURNER. Madam Speaker, I thank the gentleman from California (Mr. SCHIFF) for his leadership in this hour tonight. It has been good to see so many of the Blue Dog Democrat Coalition members come to the floor and talk about this issue.

Clearly, we are advocating fiscal responsibility because we believe it is important to the future prosperity and the future economic security of our country. In many ways, we might define the debate tonight as a debate for our national security, because main-

taining fiscal responsibility is a very important part of maintaining our national security.

We see examples all across the world of nations that get in trouble economically, Argentina being the most recent. We understand what debt, excessive debt, can mean to a country. Those of us here on the floor tonight want to try to start paying down that debt, rather than seeing it continuing to rise.

We believe it is very important not to raid the Social Security Trust Fund. What business in America could get by if its corporate executives raided the retirement funds of its employees? Those executives would be put behind bars. But in Congress and in Washington, it seems that we routinely go into the Social Security Trust Fund, take those hard-earned payroll tax dollars, and go out and spend them for something else, just at a time when Social Security is needing those funds with the retirement of the baby boom generation.

We can look at the facts. They speak for themselves. If we just turn back just a year ago and look at the projections, what we see is that just a year ago we had a projection over 10 years that our debt, our publicly held debt, that is, the debt that is held by those third parties, those folks who hold those savings bonds, those Treasury bonds, those Treasury notes, we saw a year ago that the projections were that that debt would be eliminated over the next decade. In fact, it would be actually completely paid off to the tune of \$129 billion, so we would be back in surplus.

Yet, here we are in February of 2002, and the projections have completely changed. We find that the projection is that we will have an almost 2.8 trillion debt at the end of this decade. So what we see is a completely different picture.

What has happened? Of course, we passed a major tax cut based on those projections of economic prosperity. Now it turns out that with the tax cut, with the slowdown in the economy, and with the war, that projection of surplus is gone and our projections now show an ocean of red ink.

The impact of that on paying interest is just almost incomprehensible. We projected just a year ago that we would pay \$709 billion in interest on our national debt over the next decade. We are actually paying close to \$1 billion a day right now just on interest on our national debt, but that was going to go down because the projections were that we were going to pay off that publicly held national debt.

Well, what does it look like today? Here we are with projections that we will spend almost \$1.8 trillion in interest, almost, over the next decade, \$1 trillion more in interest. What a waste. What a waste.

We believe firmly that we must end the practice of deficit spending in Washington. Congress engaged in it for 30 years, until just 4 years ago when we

passed the Balanced Budget Act, and we have seen 3 years of annual surpluses in our Federal budget. But here we are in 2002 with, once again, a projection that we will be back into deficit spending.

Some people say, "What is the big deal? Deficit spending, it sounds kind of like Washington talk." It simply means that we are spending more money than we are taking in. If Members did it at their houses, they would be running up a debt on a credit card, or going down to the bank trying to figure out how to borrow enough money to pay the bills.

In our houses, if we have a credit card, it usually has a limit on how much debt we can go into before they say, no, they cannot charge anymore.

□ 2115

It is not that way in Washington. You can just keep running the debt up or at least some people seem to think that is the way this works. They act as if it does not matter how big the national debt gets. Why is deficit spending wrong? It is wrong because the debts that we incur today will have to be paid for by our children. That is wrong. It is wrong because as the demand for credit is increased by our government, it has the effect of pushing up interest rates in the economy. So we all pay, not only in higher taxes to cover this interest on this national debt; but every time we go out and borrow money to buy cars, send our children to college, buy a new home, we are going to be paying higher interest rates than we would had the government not engaged in such reckless deficit spending.

Another thing the deficit does for us is forecloses a lot of options. If we have an emergency and we need to spend more, it is harder to go into debt when you are already deep in debt. When you are trying to solve the problem of Social Security and Medicare, which is going to get critical in about 10 years with the retirement of baby boomers, and you try to figure out how to solve that problem, if you are already deeply in debt, you are going to have trouble. If you are trying to help our senior citizens, as most of us on the floor tonight have worked hard to do with prescription drugs, where are you going to pay for it if you are already deeply in debt? It is wrong to raid Social Security in order to finance the activities of government. We need to be protecting Social Security. And deficit spending is wrong because ultimately it is going to erode the confidence in the U.S. economy.

The only reason we stand on this floor tonight and have the luxury of borrowing money in order to run our government is because of the confidence people have in the American economy. In Argentina tonight you cannot borrow any money, the government cannot. But in the good old United States people still have confidence in our economy, and we can go

out and borrow money. And you know what it is backed by? It is backed by people's faith and confidence in our economy and our willingness to pay those debts by taxing the American people someday. And if we allow that debt to keep growing and growing and growing, that interest to keep growing and growing and growing, there is going to come a point when the world is going to look at our economy and says, you all look an awful like an Argentina economy, and I do not believe we want to loan you any more money to finance that \$5 trillion national debt. And I believe if we do, we are going to have to get a little more interest rates because we look at the economy much like those investors did when they were borrowing money a few years ago on those junk bonds, and junks bonds of course require very high interest rates for anybody that wants to buy.

So if we undermine the economy of this country, in the long term it would destroy our economic security, our national security and our prosperity. That is what this debate tonight is all about.

I commend the gentleman from California (Mr. SCHIFF) for his leadership. I commend the Blue Dogs for their willingness to come to the floor tonight and talk about this critical national issue.

Mr. SCHIFF. Madam Speaker, I thank the gentleman tonight for his leadership on this issue. The gentleman also very successfully lead the House just a couple weeks ago successfully to gather the signatures required to discharge campaign finance reform which successfully passed the House. We thank the gentleman from Texas (Mr. TURNER) very much for his contributions both then and now.

Madam Speaker, I would like to introduce a fellow Californian, the gentleman from California (Mr. THOMPSON), who I had the privilege of serving with in the California State Senate. The gentleman has worked hard for the people of California and our Nation and is recognized for his bipartisan approach for the important issues facing our Congress, especially the debt limit. I yield to the gentleman.

Mr. THOMPSON of California. Madam Speaker, I thank the gentleman from California (Mr. SCHIFF) for his leadership tonight in this effort to bring awareness to what I believe is a very, very important issue for all of the American people.

Madam Speaker, we have come to a very critical point in our congressional work. We can create a long-term physical plan that will benefit this and future generations or we can send our government down the road of excessive borrowing and send the bill to the next generation of Americans. I believe this would be the wrong approach.

As we have heard many times tonight, just a year ago the administration predicted Congress would be able to operate under the Federal debt limit

for the next 7 years. Now we are being asked for a \$750 billion increase in the Federal debt limit. The Treasury Department predicts this increase will cover government needs until 2005. So we went from being able to stay under the Federal debt limit in 9 years to being forced to raise the limit by \$750 billion just so government can continue to operate for another 3 years.

We are in danger of opening the flood gates of fiscal irresponsibility by increasing the Federal debt limit without having a plan in place to balance the budget and to pay our bills. Funding our national priorities such as homeland security and our efforts against terrorism must be done. However, to increase the Federal debt limit without having any mechanism of fiscal restraint will likely lead us down the path of deficits resulting from additional spending or additional tax cuts.

In the span of 1 year, the Office of Management and Budget has reduced its 10-year budget surplus projections by \$5 trillion. When investors around the world look to Washington to see the creation of huge budget deficits, they will inevitably push interest rates higher. When interest rates go up, the American consumer suffers. A homeowner in our country who holds \$100,000 mortgage debt would save a total of \$50,000 over the life of a 30-year mortgage if the mortgage rate was just 2 percentage points lower. American consumers hold about \$6.5 trillion in mortgage debt, so each percentage point of increase in their mortgage rate means an extra \$250 billion in mortgage costs to Americans.

In addition, local schools and local hospitals will be forced to pay higher interest costs as they issue bonds to raise the necessary funds they need to continue to educate our kids and care for sick Americans and injured Americans.

Throughout the 1990's, the Federal Government maintained fiscal discipline; and the pay off to the American consumer was remarkable. Let us not throw these gains away. Instead, let us do what may be tough but obviously what is right. Let us put in place a mechanism for fiscal responsibility and fiscal constraint. Let us not allow this budget or this credit limit to increase and put future American generations in fiscal jeopardy.

Madam Speaker, we should fund our war on terrorism and our efforts on homeland security, and we must save Social Security and Medicare from insolvency by adopting a more fiscally-responsible approach to budget priorities. Now is the time to make the tough choices to ensure future generations are not saddled with trillions of dollars of debt and stuck with a bankrupt retirement program. I thank the Blue Dogs for their effort in this regard.

Mr. SCHIFF. Madam Speaker, I thank the gentleman from California (Mr. THOMPSON) for his leadership.

Madam Speaker, in closing I want to thank the Blue Dog Democrats who

have joined me here tonight in this discussion of raising the national debt limit and its implications for our Federal fiscal policy. I look forward to the opportunity to debate this issue in the days ahead as we continue to work to balance the budget and pay down our debt and protect the Social Security Trust Fund for the future.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1542, INTERNET FREEDOM AND BROADBAND DEPLOYMENT ACT OF 2001

Mr. LINDER (during Special Order of Mr. SCHIFF), from the Committee on Rules, submitted a privileged report (Rept. No. 107-361) on the resolution (H. Res. 350) providing for consideration of the bill (H.R. 1542) to deregulate the Internet and high speed data services, and for other purposes, which was referred to the House Calendar and ordered to be printed.

IMMIGRATION INTO THE UNITED STATES

The SPEAKER pro tempore (Mrs. CAPITO). Under the Speaker's announced policy of January 3, 2001, the gentleman from Colorado (Mr. TANCREDO) is recognized for 60 minutes.

Mr. TANCREDO. Madam Speaker, I come before the body tonight to talk about an issue that has often times been in the forefront in my thinking and a concern about the direction of the Nation; and that, of course, is immigration and the effect of massive immigration on our country.

Madam Speaker, I and my wife and several other members of the Congress of the House of Representatives just returned from a trip to Turkey, and it was a very interesting, very fascinating trip. And as we got back into the United States and were coming through customs, the young lady who was the customs official that was stamping our passport and checking to see what we have and that sort of thing at JFK looked up at me and said, I think I have seen you some place before, maybe on C-SPAN. And I said, Well, perhaps because I often am doing exactly what I am doing here tonight. I have spoken often on the issue of immigration. And she just had immediately got this sort of dejected look on her face and said, What a mess. What a mess. And she said it in a way that says it all.

Here is an official charged with the responsibility of implementing part of our immigration laws; and she, as well as so many other of her colleagues working in that area, recognize that it is in fact a mess.

Now, I have often come before this body and stood at this particular microphone and talked about the implications, well, more importantly the incredible situation we face with an organization, the INS, that is dysfunctional, to say the least. We have a situation where we have literally millions