

a Support Our Troops rally or a reservist center and say, "Congressman, I will take my \$90,000 tax cut now, and I don't care if veterans have to stand in longer lines, have shortages of beds or can't get into VA hospitals tomorrow."

We all want to engage in shared sacrifice. We are at a critical time in our Nation's history. Our first obligation has to be to our seniors and those fighting for our freedom in Iraq and other dangerous places in the world. We cannot cut their beds, their budgets; we cannot balance tax cuts on their backs.

So I am hopeful that the Members of this body on both sides of the aisle will review these budgets and get back to the real priorities of America, taking care of our senior citizens, taking care of our veterans, making sure that we are meeting our obligations to them, taking care of our children, and making sure that their future is not laced with deficits and that we are not balancing budgets on their backs as well.

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FINDING SOLUTIONS FOR REDUCING DEBT

The SPEAKER pro tempore (Mr. BONNER). Under the Speaker's announced policy of January 7, 2003, the gentleman from Michigan (Mr. SMITH) is recognized for 60 minutes as the designee of the majority leader.

Mr. SMITH of Michigan. Mr. Speaker, tonight I would like to follow up the previous Special Order by starting out with some comments on the budget, on spending, on the tremendous deficit that we are leaving to our kids. Then also, I want to, on this eve of the war, finish up with some concerns that I have with such countries as France and Germany and Russia, I think putting our kids at a little greater risk. But first let me react to some of the comments that we have been listening to, that we need to increase spending on some of these important items.

Let me start with the tax cut. When the gentleman from Maryland (Mr. BARTLETT) and I first came to this Congress in 1993, one of the first events was a Democratically controlled House and Senate; and with a new Democrat President, we increased taxes more than taxes have ever been increased in the history of this country. The tax cuts that are being suggested now do not commence to negate that huge tax increase that we had in 1993. But let me talk about trying to attract more voters by suggesting that Congress should spend more money.

For a moment, look at what has happened over the last 10 years of spending history. This is how much we have been increasing spending. As my colleagues can see, fairly level, and it started to go up more and more in 1995, 1996, and 1997, and started taking off in 1998. Discretionary spending of the United States has increased an average of 6.3 percent each year since 1996 and 7.7 percent each year since budget balance was reached in 1998, showing a tremendous increase in the growth of

government. And one can just project, if we continue to spend two and three and sometimes four times the rate of inflation, then government takes over; and instead of empowering people in the United States, instead of empowering businesses to encourage them to expand and develop and offer better and more jobs, government has been at the feeding trough to use more of those dollars by increasing taxes across the country.

How do we deal with a situation where we have made our taxes so progressive that the lower-paying 50 percent of income tax payers in this country only pay 1 percent of the total income tax revenues. So we can see, it is easy to suggest that any tax cut is a tax cut for the rich, since the upper 50 percent pay 99 percent. In fact, the upper 10 percent pay almost 84 percent of the total income taxes. So we have put more and more taxes on higher incomes to discourage that kind of effort, and we have put more and more taxes on business. Really, business taxes are a tax that that business, in order to survive, has got to pass on to consumers in the fashion of increased prices for their particular product. So the increased price we pay for any product we buy, part of that is really a hidden tax, because you pay it to business to pay their tax, and they have to charge a price that is going to allow them to survive.

Mr. Speaker, the gentleman from Maryland (Mr. BARTLETT) and I have been trying to convince Congress on both sides ever since we have been here of the unfairness of the increased spending that has resulted in increased borrowing that is going to end up leaving our kids a mortgage. I am a farmer. The gentleman from Maryland (Mr. BARTLETT) is a farmer, plus a scientist; and in the farming community, you try to pay off some of that mortgage so that your kids will have a better chance. Well, right now, we are sort of pretending that our problems today are so great that somehow it justifies going into the huge debt that we are going to leave our kids and our grandkids.

Mr. Speaker, I yield to the gentleman from Maryland (Mr. BARTLETT).

Mr. BARTLETT of Maryland. Mr. Speaker, for the next few moments I would like to continue to direct attention to the spending curve that the gentleman from Michigan (Mr. SMITH) was just talking about. If we look at that curve, we will see that it goes up ever and ever steeper. Now, the gentleman from Michigan (Mr. SMITH) talked about a pretty steady 7.5 percent increase.

Now, one would think with a steady increase that we ought to have a curve that is going up at the same rate, but it does not do that. This is a phenomenon called the "exponential curve." Every time we have an interest rate like this or a growth rate like that, the curve will go up ever steeper and steeper. Now, it is obvious when we look at that curve, it cannot continue because pretty soon it will go right

through the ceiling. So it is obvious that sooner or later, and I hope sooner for the sake of our children and our grandchildren, that we have to bring our spending into line so that this curve does not continue to keep going up and up and up and soak up more and more of our gross domestic product.

Now, I would like to for a few moments turn our attention to another curve, another set of curves, and these curves are just some detail-building on the curve that the gentleman showed us. What we have here are three curves. One of them is the gross Federal debt. Now, that is the total amount of money which the Federal Government owes, and we will note a line here in the middle, and that is where we are now. We will notice that that goes through this debt line at about \$6.4 trillion. That is the amount of money we owe.

Now, as a matter of fact, we owe more than that now, but that is the amount of money that we owed on the 20th of last month. This debt keeps growing and growing; and right now the Treasury Department is having to move monies around so that they can pay their obligations, because we have already exceeded our debt limit ceiling. So we need to pass a budget resolution soon, because buried in that is a mechanism which will automatically increase the debt limit ceiling to whatever monies the budget would have us spend for the next year.

We will notice that all of the expenditures beyond our current date are extrapolations. They are just guesses of what we are going to be spending in the future. But everything to the left of that are the monies that we have spent, and so those are real numbers.

Now, this gross Federal debt, which more often is referred to as the national debt, that debt is made up of two subparts. One of those is called the debt held by the public, and that is sometimes referred to simply as the public debt or sometimes it is the Wall Street debt. Now, that is the debt that the Federal Government owes because it has bought securities and bonds; and because it has sold these securities and bonds and so forth, it has gotten money from those. But that is not the only debt that we owe, because we owe another debt which we see started out fairly low and has now been increasing more and more; and this also, as we see, is an exponential kind of a curve, and we will understand why in a moment. This is a debt held by government accounts, it says here. A simpler way to understand that debt is that that is the trust fund surplus debt. That is the debt we owe to trust funds which have accumulated surpluses.

Now, how do we have trust funds that are accumulating surpluses? That is because we are taking monies from the paychecks of people and putting it in trust for them, presumably putting it

in trust for them, so that the money will be there later on when they need it and they are retired, like Social Security, like Medicare, like civil service retirement, like railroad retirement. There are about 50-some of these trust funds, and this year we will have about \$191 billion surpluses in these trust funds.

Now, more than three-fourths of all of that surplus is in the Social Security trust fund, and it is good there is such a big surplus there, because during the retirement of the baby boomers, we are going to run enormous deficits in Social Security if we do not do something to fix that problem. But that is a discussion for another evening.

Mr. SMITH of Michigan. Mr. Speaker, on the definition of surplus, we say the trust funds have surplus; but actually, what they have is IOUs, so when programs like Medicare become insolvent or have less money coming in than enough to pay promised benefits in 2012, or when the money coming in from Social Security taxes is less than what is adequate to pay promised benefits for Social Security in 2017, all we have when we go to that box is a bunch of IOUs.

So what is government going to do to pay back those IOUs? They are going to increase taxes again, or they are going to cut benefits, or they are going to probably, most likely, increase borrowing again. So they go again and bid up the available money and borrow that money to pay back to make sure we pay Social Security benefits. But even then, by the mid-2030s, the trust funds are going to be gone and the insolvency of many of these programs is going to be devastating in terms of the burden that it puts on our kids.

Mr. BARTLETT of Maryland. Mr. Speaker, that is exactly right. And that is why these are shown as debt. Because although there are surpluses in the trust funds, as the gentleman from Michigan (Mr. SMITH) points out, there are no monies in the trust funds. Because we have a computer in Washington which, when we take some money from your paycheck, presumably put in trust for you, it only momentarily goes in trust for you, and then we almost immediately take that money out; and in its place we put a nonnegotiable bond in there. It is a nonnegotiable security; that is, we cannot negotiate it. It is only a security that can be redeemed by the Federal Government. When the time comes to redeem that, as the gentleman from Michigan points out, our children are then going to have to either increase taxes to get the money or borrow the money and pass that debt on to their children. I hope they do not do that, because I am ashamed that we are passing this debt on to our children.

As we can see, in a few years, in a few years, the debt owed to these trust funds is going to exceed the debt that we owe to what we generally call the Wall Street debt or the public debt.

Now, for about 4 or 5 years, Washington is telling us that we had surpluses and we were balancing the budget. But I want my colleagues to take a look at this gross Federal debt, or the national debt, and notice there never was a moment in time when that debt went down. It kind of flattened out here, we notice; and now it has really picked up the last couple of years. But there never was a time when it went down.

Now, the budget that was balanced is what Washington calls the "unified budget." That is all the money that comes into Washington and all of the money that Washington checks out. But about 10 percent of the money that comes into Washington is money that they have taken from our citizens, presumably to put in trust for our citizens, but instead of putting it in trust for our citizens, we print IOUs and put that in what should be the trust fund, and then we spend that money. So that now it accumulates a debt here.

Now, for every dollar that we took out of the trust fund debt to pay down the public debt, and that is when they say we had a surplus and the debt was going down, that debt did go down. We can see it here.

Mr. SMITH of Michigan. But maybe an analogy, sort of like using one credit card to pay off another credit card. So we borrow money from the trust funds to pay down the public debt, and then a lot of politicians in Washington brag that we are paying down the public debt of the United States, and with muscle-flexing and suggesting that we are going to put the Social Security money in a lockbox, and that lockbox was again nothing but IOUs where the government took the money and used it for a couple of years to pay down the debt or the Wall Street debt or the debt held by the public. That kind of hoodwinking I think has brought about a lot of suspicion of the American people with their Congress and with the White House and with Washington.

Again, if we look at the tremendous growth, how fast we have increased spending of the Federal Government, if we simply went back to where we were 7 years ago, we would have a huge surplus on both the Social Security as well as the extra money coming in from taxes.

So it is a situation I think where we have to ask ourselves the question, Do we want to reduce the debt that we are leaving to our kids? Do we want to do that by increasing taxes? And that is what the Democrat substitute proposal for the budget does; they increase taxes.

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They say, we will go along with the tax breaks for the lower-income; which, as I mentioned before, does not represent very much of the tax revenue coming into the government. But they say, we are not going to go along with the legislation that we passed 2 years ago that gives tax breaks across the

board. In effect, it encourages savings, encourages investment, encourages businesses to expand.

So we have to end up making that decision: Are we going to borrow money to pay our way, or are we going to increase taxes to pay our way? I suggest that there are a lot of expenditures of government, and, in fact, this budget, the budget that the Committee on the Budget turned out, says, let us look for waste and fraud and abuse, and figure that we are going to put the responsibility on the different departments of government to seek out that waste and fraud and abuse.

Already we have identified more than enough to accommodate that 1 percent; to say, look, across the board we are at least going to have a 1 percent reduction in this time of war, so we can adequately make sure that we can adequately fund the military budget, the homeland defense budget. Those have been increased at the President's request, suggestion, in both of those areas. Where we have cut back is in other areas.

If we are in a time of war, is it not reasonable to start prioritizing our spending, especially since that kind of traditional increased spending as if there is no problem, do more for this group, more for that group, do more for the old, do more for the young, have midnight basketball games so kids do not get in trouble, that is the kind of spending rampage that we have been on.

What I am suggesting and what the gentleman from Maryland is suggesting is that that kind of spending that ends up having a deficit, let me define my definition for deficit, deficit is the annual overspending. Debt is when you take that annual overspending and add it up to the debt that we have for our kids and our grandkids.

Mr. Speaker, I yield to the gentleman from Maryland (Mr. BARTLETT).

Mr. BARTLETT of Maryland. The gentleman mentioned lockboxes, Mr. Speaker. It might be wise to spend a few moments talking about lockboxes. We have not heard lockboxes mentioned in the last several months. That is because we now have no surpluses.

In terms of the national debt, we never had any surpluses. We had surpluses in terms of the unified budget; but when the unified budget was balanced, the national debt was still going up almost \$200 billion a year. That is because it was about \$200 billion a year of trust fund monies that we were taking and spending.

What were the lockboxes? They were talked about a whole lot and were very popular. What were they, and what did they do?

The first lockbox was the Social Security lockbox. What that legislation said was that if there is a surplus in Social Security, and of course there is a surplus, and will be for 10 or 12 years in Social Security, if there is a surplus in Social Security, we cannot use that for ordinary spending; we have to use it

to pay down the debt. The only debt we could pay down with that is this public debt, so what they did was to take the monies out of the trust fund and to pay down the public debt, but for every \$1 of public debt they paid down, they incurred another \$1 of trust fund debt. Notice what is happening to these curves. As this one went down, that is the public debt we are paying down, the trust fund debt went up, so the net effect on the debt was zero.

There was another smaller trust fund that was included in the lockbox, and that is the Medicare Trust Fund. We did the same thing with that. But there were 40 or 50 other trust funds that we did not have a lockbox for. They did not amount to a whole lot, but we happily took them and spent them. When we did that, of course, even though we were advertising a balanced budget on the unified budget, the total debt that we owed, the national debt, here called the gross Federal debt, kept going up and up. Obviously, we should not continue to do this forever.

By the way, the gentleman from Michigan (Mr. SMITH) mentioned spending. The question is always asked, if we spend more money for this group or more money on that program, will it help more people? Of course, the answer is always, yes. If we spend more money, it will help more people. But I would submit, Mr. Speaker, that that is the wrong question. The question that needs to be asked is, will spending more money on that program help more people than if we left that money in the private sector?

Money left in the private sector also helps people because it creates capital for creating new businesses and new jobs. In those, government revenues will grow. The question we really need to be asking, whenever there is a suggestion that we increase a current program, is will increasing that program do people more good than saving that money and leaving it in the private sector, where it will create jobs for people who will then have an increased standard of living and who will pay more income tax, and Federal revenues will go up, and our economy will grow?

But we never in this Chamber ask the right question. The question we always ask is, will more money help more people? Of course it will.

Mr. SMITH of Michigan. Mr. Speaker, when we say leave it in the private sector, we say leave it in the pockets of the individuals that earned it. Do not have the kind of taxes on businesses that put our businesses at a competitive disadvantage to businesses that they are competing with in other countries.

That is what we do. Right now we are charging our businesses about 18 percent more tax than the businesses in the other G-7 countries, in the other industrialized countries. So when we talk about this, the tax changes that the President is suggesting that are incorporated in this budget, what can we do to strengthen the economy? What

can we do to encourage our businesses to invest and expand and have more and better jobs in this country?

The other tax cuts, some of the other tax cuts, potential tax cuts, maybe should not be considered now; but let us at least look at the kind of tax incentives that can encourage savings and investment and business expansion.

Mr. BARTLETT of Maryland. The gentleman mentioned business taxes, and the fact that businesses really pass that tax on. I would just like to concentrate on that for a moment.

In a very real sense, we cannot tax a business, because that simply becomes part of the cost of doing business. If the business is going to remain in business, if that company is going to remain in business, they have to pass that tax on or they cannot remain in business.

I would like to make the argument, which I think is pretty hard to refute, that business taxes are probably the most regressive tax we have. I know my liberal friends are very fond of business tax, and they would like to increase it. I am not sure they have thought through what happens when we increase business taxes.

Whenever we tax a business, it has to add the cost of that to their goods and services. Now, there is no deduction for that and no exemption from it. So the poorest of the poor, when they go to buy the services or the products of a business, have to pay more for that service or product because we tax the business.

There is another way in which business taxes are very regressive and hurt people, particularly poor people. Another thing that happens when we tax a business is that we have increased their cost of doing business; so now that makes them less competitive with firms in other countries, and they may, in fact, not be able to continue doing business here, and those jobs may end up somewhere else in the world, more and more frequently on the Pacific Rim.

There are some companies today, I say to the gentleman from Maryland (Mr. SMITH), that are doing something that we call inversions. A company, when they look at the regulations that govern them here, when they look at the taxes here, they say, we just cannot stay in business in this climate, so what we are going to do is move our headquarters overseas to some island offshore or something like that. We are going to continue our major operations here, but for tax and regulatory purposes, we are going to move our headquarters overseas somewhere.

The question we are asking ourselves is, how can we punish those people? I think that is exactly the wrong question. The question we ought to be asking is, why are they leaving this country? What is there about our regulatory climate, what is there about our tax structure that is forcing these businesses out of this country? What do we

need to do so that we not only keep these businesses in this country, but we attract other businesses to this country?

Do Members not think that that is the question we really ought to be asking here?

Mr. SMITH of Michigan. Mr. Speaker, a survey was done of the businesses that inverted or moved to another country to pay their lower tax rate, but kept their jobs and their operations in this country.

A survey was taken, and for over half of those companies it was a question of going out of business or reducing their expenses and taxes, one of the expenses, reducing that expense by roughly 17 percent that we overcharge compared to other countries, by moving their business overseas.

So absolutely, rather than the suggestion in the Democratic budget that says let us punish those businesses that move their headquarters and their taxing location outside of this country by saying that they cannot move or else they lose a lot of the benefits, and we are not going to buy from them for military use, and we are going to punish them anyway in some form of additional taxes to discourage their moving out of this country, absolutely, I say to the gentleman from Maryland, the right decision is that we cannot put our businesses at a competitive disadvantage because of our gluttony to somehow raise more money through what I call a hidden tax, a very regressive tax like the gentleman suggests; because it says that the lower-income person that has to buy these goods has to pay a tax on this, they have to pay the extra price on the goods to accommodate the high taxes that we have imposed on business.

It is not so, what is the good word, identifiable because it is not so obvious that people are paying another tax to government when they buy this product. It is sort of a hidden tax that has been politically an advantage, some people felt; but in the long run it discourages business expansion, and it discourages the kind of economy and the kind of strongest economy in the world that we have developed in our first 226 years.

So absolutely, it is the wrong way to go. What we should be doing is making our taxes competitive with the taxes in other States, and part of the way to do that is to hold the line on spending.

When the complaint is of cutting spending by 1 percent, the previous special order suggested that Republicans are suggesting a 1 percent cut, no cut. What it is is a slowdown in the increase in spending. Where I come from down on the farm, a cut is when there is less money spent one year than the previous year.

Mr. BARTLETT of Maryland. Mr. Speaker, I say to the gentleman from Maryland (Mr. SMITH), there is a good analogy of this that helps us understand what these Washington cuts are that are really not cuts. We have big

cuts, and we are spending more money next year than we did last year in spite of a cut.

It is like our son comes to us, and we are giving him a \$5 allowance, and he comes and says, I would like a \$10 allowance. But we say, gee, \$10 is a little much. Suppose we give you a \$7 allowance? So now the son goes and tells his friend, I just had my allowance cut by \$3. Obviously the allowance went from \$5 up to \$7, it went up \$2; but relative to his anticipation, his hope that it might be \$10, he now has a cut.

Most of Washington's cuts are those kinds of cuts. They are simply a cut in the increase in the rate of spending, increased rate of spending; they are not a cut, or are almost never. Just look at these curves. Almost never do we spend less money this year than we spent last year. So be careful that people define very carefully what they mean by a cut in Washington, because most of the time it is, in fact, not a cut; it is simply not as big a rate of increase as they would like to have seen.

All of the cuts we hear my friends on the other side of the aisle talking about in our budget are that kind of cut. As far as I know, essentially nothing is being cut in the budget. We hope to cut the rate of increase of some of these programs, but as far as I know, essentially nothing is being cut.

Mr. SMITH of Michigan. Mr. Speaker, let us discuss just a little what the imposition that this increased debt that we are leaving our future generations has on the potential of those generations to have a strong economy or strong incomes that they are going to be able to keep and raise their families with.

Right now, servicing the debt, and \$6.4 trillion is our current debt, servicing that debt costs approximately \$300 billion a year; but interest rates are at record lows right now. So with interest rates, with the government able to borrow some of their money for about 2.7 percent, what if that interest rate goes up? What about when we have economic recovery and there is a greater demand for money?

That interest rate, the interest rate in the early 1980s, was as high as 17 percent; so what if that \$300 billion a year paying interest were to quadruple because of higher interest rates in the future? It would devastate those people that are trying to service that huge debt in the next generation, or years from now.

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Mr. SMITH of Michigan. Also, sometime, someplace, somehow future Congresses are going to start thinking that we have to operate more like a family, more like a business, that someplace down the roads we have to start paying this debt down. Nobody is talking about paying the debt down. All they are talking about is, well, maybe the debt right now is manageable and let us put the war on terrorism or whatever happens in Iraq aside for a mo-

ment because we are funding that. And I think it is reasonable to borrow more money to fund that effort to make sure our military are well equipped to the best possible degree because we certainly are going to support them. And I think everybody is going to do that. But for the other spending, let us not do business as usual. Let us start looking at the budget. Let us start prioritizing. Let us start slowing down the growth of a lot of government and let us start paying attention to a lot of fraud and abuse.

In fact, just in Medicare alone, GAO estimates that in 1 year there is probably fraud that amounts to between \$17 and \$19 billion. And when you are spending somebody else's money, it is easy to waste some of that money. So there needs to be the kind of pressure that this body can put on the different bureaucracies to make them look very carefully at how they are spending that money and reduce some of that wasteful spending.

Mr. BARTLETT of Maryland. Mr. Speaker, the gentleman talked about hidden taxes. I would like to talk about the biggest hidden tax of all that most Americans are completely oblivious to.

Now, if this year is like last year, May 10 will be a very special day because that will be Tax Freedom Day. That will be the day that you have finished working so that you can pay all of our Federal, State and local taxes. Now that is quite some weeks for now so you are still working to pay Federal, State and local taxes and will until May 10 of this year, if this year is like last year.

But on May 11 you are not going to be able to work for your family to buy that car or pay something on that tuition bill or to make a mortgage payments on your home. Because for the next 7 weeks, right at 7 weeks, until July 6 every American is going to have to work to pay the cruelest tax of all. It is a hidden tax which is a very regressive tax, and by the way it is a favorite tax of my liberal friends. But it is the most regressive tax we have because the poorest of the poor have to pay that tax. They get no exemption from the tax. They can get no deductions from it. And what is this tax, this big hidden tax that consumes 7 weeks of the working time of every American? It is unfunded Federal mandates.

Now, that is a mouthful, but let us point out what that is. It is a law which we passed in this Congress and, boy, are we fond of doing this, a law which we pass in this Congress which causes a State government or a county government or a city government or a business or your family to spend money that we do not provide. In other words, it is a mandate; but we do not provide any money for the mandate so it is an unfunded Federal mandate. And that consumes the working time of every American for just about 7 weeks out of the year. So you spend about 52 percent of your time working to support government.

If you are in the average community, go out on the street and walk around and look at every fourth person you meet. They work for government at some level.

Now, I would submit that the average American thinks that is just too much government. And if we could resurrect our Founding Fathers and have them see where we are, they would be appalled at what we have done to the dream that they had for this country, where they envisioned a very limited Federal Government, where essentially all of the rights and all of the responsibilities stayed with the citizens in the private sector. We have come an awful long way from that dream, have we not?

Mr. SMITH of Michigan. Mr. Speaker, let me give you an example of a young married couple that have two kids in my congressional district in Michigan. And they were working. They had one job. The husband decided to provide more money for the family. He would go and take at least a half shift for a second job. And so he was upset when he learned that not only does he have to pay more taxes, but under our Tax Code, he was shoved for that additional earning into a higher tax bracket. So we said, look, if you are going to go out and get a second job and earn more money, not only do you have to pay the taxes, the increased taxes because of increased earnings, but we are going to tax you more because you went out and worked harder to do that second job to have more income.

So we have a Tax Code that in many ways discourages what made this country great. And, of course, our Founding Fathers, I agree with the gentleman, would be very upset because we have a Constitution and a Bill of Rights that in effect says that those people that use that learning, that try, that work hard, that save and invest end up better off than those that do not.

And what we have been slipping into for the last 30 years is a more socialistic system where we say if you go out and work harder and save and invest and try and earn more money, we are going to really hit you with high taxes because after all, we need to give, we need to give some of this money to people that need it more, that maybe are unlucky, that maybe did not save and invest. But our system has worked very well not because we are stronger or smarter. It is because we have had the incentive that those that really make the effort and try and invest and save and learn and use that education end off better than those that do not.

And so to change that around and say, look, if you are going to be successful, we are going to punish you more, is not what is going to keep us the strongest economy in the world.

Mr. BARTLETT of Maryland. Mr. Speaker, I would like to come back for a moment to look a little bit more at these trust fund surpluses and the debt that we owe to this trust fund which is

big and going to get bigger and bigger. One observation is that our law requires that we accumulate this. I say that because the only thing we can do with these surpluses by law is to invest them in nonnegotiable U.S. securities.

I cannot imagine money laying around Washington that we do not spend. And so if it is invested in non-negotiable U.S. securities, we are going to spend it.

Now, the fact that we took monies from these trust funds and paid down for a little while some of the publicly held debt, that did a very nice thing for us today. What it did was to reduce our demand for money in the marketplace, and that competition dropped interest rates probably by about 2 percent. So the home you are buying costs you less per month. The car you are buying costs you less per month. The tuition payments you are making for the debt for your children or your debt if you went to school and you are now paying it off that cost you have is less.

But the flip side of that is that what we are accumulating here is the largest intergenerational debt transfer in the history of the world. And although we are living better today because we are taking these trust fund surpluses and spending them and, therefore, we are not borrowing as much in the marketplace, our kids and our grandkids are really going to have to pay for this. Because when it comes their time to run this government, we cannot run it on current revenues. So what we are doing is borrowing from their generation. When it comes their time to run the government, not only are they going to have to run the government on current revenues, but they are going to have to pay back all of the money that we borrowed from their generation.

Now, when I first ran for Congress 11 years ago, I promised I was going to conduct myself so that my kids and my grandkids would not come and spit on my grave because of what I had done to their country. I say to the gentleman, I am trying to do that; but I am not getting as much help here as I hoped I would get when I came here 11 years ago.

Mr. SMITH of Michigan. Because, Mr. Speaker, it is tempting for politicians to come up with more programs, to have more pork barrel projects because the news media puts them on the front page, the television covers them cutting the ribbon for the new jogging trail. So what has happened is you increase the probability that you are going to get reelected if you come up with new programs to help someone with their problems. And once you start spending, if you spend that money for a certain project or a certain arena for a couple of years, it almost becomes an entitlement because they develop the interest and they hire a lobbyist that starts saying, boy, we are really going to scold you if you decide not to continue our funding.

Mr. Speaker, I would like to thank the gentleman from Maryland (Mr.

BARTLETT) for joining me tonight in this Special Order. And I would like to begin with some of my particular concerns on the war on Iraq and, of course, the 48 hours are up now; and that means in the next several days I presume there is going to be a more military aggressive insistence that Saddam Hussein gives up those weapons of mass destruction.

Let me start out by saying that Bonnie, my wife, and I will be remembering our troops every night in our prayers and I hope, Mr. Speaker, that everybody in America does the same. These are the best soldiers in the world. They are courageous defenders of our freedom and worthy representatives of the United States of America. I think it has been regrettable that some countries that have traditionally been U.S. allies have not been able to join our coalition to rid Saddam Hussein of devastating weapons.

I am told that I cannot swear on the floor of the House, but I am as mad as Hades about France's actions. France, which the U.S. liberated in World War II, has gone as far as to use its veto to block any U.N. approval of any resolution to support the coalition that would have insisted on the disarmament of Iraq. I think this is unfortunate because they have resulted in putting our young men and women soldiers at risk. We should not be under any illusion that France is acting on its, at least in part, narrow self-interest. The French want a prominent role on the world stage, and they seem to delight in cutting down the United States. But even more importantly, they want to defend some of their profitable extensive contracts and trade relationships that they have bargained with Saddam Hussein and Iraq.

Let me list a few of those interests. According to the CIA World Fact Book, France produces over 22.5 percent of Iraq's imports. In 2001 France became Iraq's largest European trading partner. Roughly 60 French companies do an estimated \$1.5 billion in trade with Bagdad annually under the U.N. Oil for Food Program. France's largest oil company, Total Fina Elf, has negotiated a deal to develop one of the world's major oil fields, the Majnoon field, in western Iraq. The Majnoon field purportedly contains up to 30 billion barrels of oil.

Total Fina Elf also negotiated a deal for future oil explorations in Iraq's Nahr Umar field. Both the Majnoon and Nahr Umar fields are estimated to contain as much as 25 percent of Iraq's oil reserves. France's Alcatel Company, a major telecom firm, is negotiating a \$76 million contract to rehabilitate Iraq's telephone system.

From 1981 to the year 2001, according to the Stockholm International Peace Research Institute, France was responsible for over 13 percent of Iraq's arms imports. Selling military equipment and arms to Iraq. And this is not a new position for France. It has consistently blocked attempts to bring Iraq into account since the Gulf War in 1991.

□ 1945

In 1995, when there was an effort in the U.N. Security Council finding Saddam in material breach, France opposed it. In 1996, when there was an effort to pass a resolution condemning Saddam Hussein for his slaughter of the Kurds, France opposed it. In 1997, when there was an effort to block travel by Saddam's intelligence and military officials, France opposed it. In 1998, France announced that Iraq was free of all weapons of mass destruction, something that nobody believed and France does not believe today. In 1999, of course, they opposed the creation of UNMOVIC, the existing inspection regime that they now want to say is where we should go and just let them keep going and keep looking. Of course last month, they vowed to veto any resolution authorizing force to disarm Iraq of weapons of mass destruction.

Let me say again. France's opposition to the U.N. resolution sought by the President and Prime Minister Tony Blair appears to have been based somewhat on business considerations. Saddam Hussein, no matter what he has done to his own people, no matter what threat he poses to his neighbors or the world, has been someone France has been able to do business with, and France has certainly not been the only country. But one of our dignitaries suggested that France has sort of acted over the last dozen of so years like the legal counsel for Saddam Hussein. So I am concerned about their motivation.

Here again, there are other countries. We can see that both Germany and Russia have extensive dealings with Iraq that call their motives into question, as far as I am concerned. In Germany's case, direct trade between Germany and Iraq amounts to about \$350 million every year, and another \$1 billion is reportedly sold through third parties.

It has recently been reported that Saddam Hussein has ordered Iraqi domestic businesses to show preference to German companies as a reward for Germany's firm positive stand in rejecting the launching of a military attack against Iraq. It was also reported that over 101 German companies were present at the Baghdad annual exposition. During the 35th annual Baghdad International Fair just 4 months ago, a German company signed a contract for \$80 million for 5,000 cars and spare parts. In 2002, DaimlerChrysler was awarded over \$13 million in contracts for German trucks and also spare parts.

German officials are investigating a German corporation accused of illegally channeling weapons to Iraq via Jordan. The equipment in question is used for boring the barrels of large cannons and is allegedly intended for Saddam Hussein's Al Fao supercannon project.

Russia, too, has extensive dealings with Iraq that it wants to protect. For example, according to the CIA World Factbook, Russia controls roughly 5.8

percent of Iraq's annual imports. Under the U.N. oil for food program, Russia's total trade with Iraq was somewhere between \$530 million and \$1 billion for the 6 months ending in December 2001. According to the Russian Ambassador to Iraq, Vladimir Titorenko, new contracts worth another \$200 million under the U.N. oil for food program are to be signed over in the next 3 months. Soviet-era debt, someplace between \$7- and \$9-billion was generated by arms sales to Iraq during the 1980 to 1988 Iran-Iraq war. Our soldiers will have to face many of these weapons on the battlefield in the coming days.

Russia's LUKoil negotiated a \$4 billion, 23-year contract in 1997 to rehabilitate the 15-billion-barrel West Qurna field in southern Iraq. Work on the oilfield was expected to commence upon cancellation of U.N. sanctions on Iraq. The deal is currently on hold, obviously.

In October of 2001, Salvneft, a Russian-Belarus company, negotiated a \$52 million service contract to drill at the Tuba field in southern Iraq. In April of 2001, a Russian company received a service contract to drill in the Saddam, Kirkuk, and Bai Hassan fields to rehabilitate the fields and reduce water incursion.

A future \$40 billion Iraqi-Russian economic agreement, reportedly signed in 2002, would allow for extensive oil exploration opportunities throughout western Iraq. The proposal calls for 67 new projects over a 10-year time frame to explore and further develop fields in southern Iraq and the Western Desert, including the Suba, Luhais and the West Qurna and Rumaila projects. Additional projects added to the deal include second phase construction of a pipeline running from southern to northern Iraq, and extensive drilling and gas projects. Work on these projects would commence on cancellation of sanctions.

One Russian company over the past few years has signed contracts worth \$18 million to repair gas stations in Iraq. The former Soviet Union was the premier supplier of Iraqi arms. From 1981 to 2001, Russia supplied Iraq with 50 percent of its arms.

It is important, Mr. Speaker, for us to understand who our friends are in the world and how they make their decisions. The negotiations over this U.N. resolution has been, I think, a certain lesson on this topic. It is one that will not easily or not quickly, I hope, be forgotten. The challenges ahead of us are great, but make no mistake. If Saddam Hussein were to succeed in developing, in keeping these weapons of mass destruction, the chemical weapons, the biologic catastrophes that could come from the biological weapons and certainly his efforts over the years to try to develop atomic weapons, if that were to be let go undone, it would be tremendously difficult to deal with the other problems that the free world is facing in Iran, in North Korea, let alone the rogue nations with ty-

rants as dictators that might decide, well, Iraq got away with it and they were able to do great bargaining for themselves. If we develop these weapons, then we are going to be in better shape to threaten, coerce, blackmail, if you will, for better deals for our country.

The challenge ahead is great. The technology and the ability of many of these countries to develop these kind of devastating weapons is now available, almost on the Internet. So I think today it is so important that we strongly support our military troops, that we thank the 30 to 50 countries that have decided, according to Secretary Powell, to support us in this effort. Maybe this is the beginning, but the United States has taken on this responsibility. In past actions through World War I, World War II, all of our wars, the Korean War, even Vietnam, they were all for good humanitarian reasons, to make sure that freedom and justice and the rights of people were helped throughout the world. That is part of what we are going to be going after in the next few days, to try to make sure that not only these weapons in Iraq are disassembled and destroyed, but that we keep other countries from making the same effort and having the same threat on our liberty and freedom.

REPORT ON UNITED STATES PARTICIPATION IN THE UNITED NATIONS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore (Mr. SMITH of Michigan) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations:

To the Congress of the United States:

I am pleased to transmit herewith a report prepared by my Administration on the participation of the United States in the United Nations and its affiliated agencies during the calendar year 2001. The report is required by the United Nations Participation Act (Public Law 264, 79th Congress).

GEORGE W. BUSH.

THE WHITE HOUSE, March 19, 2003.

CONGRESSIONAL DUTIES IN CONNECTION WITH CIRCUMSTANCES SURROUNDING IRAQ

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from Michigan (Mr. CONYERS) is recognized for 60 minutes.

Mr. CONYERS. Mr. Speaker, I am delighted to come to the floor this evening to continue a very important discussion that deals with our duties and responsibilities in connection with the circumstances surrounding Iraq.

I begin with a review of the duties that we have. First I pray for our sol-

diers whose roles are pretty well defined, and I would like to point out that we in the Congress have a duty as well, a constitutional duty, that requires under the Constitution that we alone can decide war. And why is that? Because of Article I, section 8. It is important for us to note that this duty is nondelegable. We cannot pass it off. We cannot turn it back. It can only be done by us. So the question of who decides becomes very important.

On this past Monday, the President of the United States said he has decided that he will begin this war, and that this is a matter that did not require him to consult with Congress, that there was no debate in the Congress, that it was a matter that he has been telling us in innumerable ways on innumerable occasions precisely what he was going to do, and that Saddam Hussein's time has run out, and there are no more options, and that negotiations are futile, and that the United Nations can do what they want, that everybody has to decide in the family of nations, that they are either with us or against us, and that it does not matter whether the inspection regime required by the United Nations has been concluded or not.

□ 2000

It does not matter whether the United Nations approves or disapproves. He has decided what he will do, and he is going to do it. Why war? And why now? A war could be justified only if our national security is threatened. There has not been the case made that that is the present circumstance, and it of course has to be weighed very carefully against the death and the destruction not only that we put in our own military's path but also the innocent people in another country who will likely be killed in the course of this activity. And of course none of this has been debated by the Congress. But what about the tactics of the 43rd President of the United States? He has repeated on more than one occasion that war is the last resort. "My last resort," when everyone knows that it is his first objective. How can he be declaring that war is the last resort, that he has exhausted negotiation when actually he is short-circuiting the whole process?

And then we have the coalition, the fig leaf coalition of the willing, which bears not that much analysis. Who they are and why they are there speaks generally for itself. And then of course we have the central issue here that there is no compelling evidence that Iraq is a current threat to our national security. None. We waited for the grainy photos of the Secretary of State when he was supposed to have conclusively made the case. We have waited for the Secretary of Defense when he was supposed to have conclusively made the case. We waited for the President and the Vice President when they were supposed to have made the case. It was the Vice President who first announced early on that Iraq had nuclear