When we reconvene, Mr. Speaker, we are going to tackle the budget. Now, the third largest item on the budget, the third largest expenditure, is interest on the national debt, interest paid to bondholders of our debt. In 2 years that interest alone will be more than our military or defense spending, which means you are paying more interest in the year 1997 on the national debt than you will for the Army, the Navy, the Marine Corps, the National Guard, the Air Force, and all of them combined.

We have got to do something about it, and it is a bipartisan problem. We got here by bipartisan action, and we have got to get out of it that way. When we pay so much interest on the national debt, your taxes go up, you have less money to put into education or health care, the interest rates go up.

Alan Greenspan, Chairman of the Federal Reserve, says it makes as much as a 2 percent increase in the interest rate on your home mortgage, on your automobile mortgage, and it is inflationary.

We have got to address this problem. It is not going to be easy, but it has got to be done across the board, it has got to be done in a fair manner, and I hope, Mr. Speaker, we can do it in a bipartisan manner.

Just to give you an idea, farm programs in the year 1986 had a spending level of $26 billion. Today, they are $10.6 billion. And yet agriculture is better than ever. We have a lot of food today, Mr. Speaker. If we can do that with agriculture, we can do it with the rest of our Nation's budget. I look forward to being a part of that process.

THE PIECES OF THE CONTRACT DO NOT FIT TOGETHER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Carolina [Mr. SPRATT] is recognized for 5 minutes.

Mr. SPRATT. Mr. Speaker, tomorrow the Republicans in the House will celebrate the completion or at least the passage through the House of their Contract With America.

I do not like to rain on anybody's parade, but I have to predict, as the parts of this contract which were passed separately are pieced together, I am afraid we are going to find that all the pieces do not fit. Particularly I think there is going to be a misfit when it comes to fitting together revenues and expenditures, the budget, and fulfilling the prediction of a balanced budget by the year 2002.

I say that because yesterday in the final act of this contract we adopted a bill called H.R. 1215, which will reduce the tax revenues that flow into the Government by $189 billion over the next 5 years and by $630 billion over the next 10 years.

I think it is fair to ask here in the Congress, out in the country, how do we do that? How do we cut taxes by $630 billion and increase defense spending as the contract seems to promise or at least hold defense spending constant and at the same time bring the budget into balance by the year 2002?

Well, one way the bill proposed yesterday and passed yesterday offers is to lower what we call the cap on discretionary spending, nonentitlement spending by $100 billion cumulatively over the next 5 years. Before the vote yesterday, the chairman of the Committee on the Budget, Mr. KASICH, sent to us an illustrative list of domestic spending cuts that totaled $100 billion showing how we could get $100 billion out of discretionary spending over the next 5 fiscal years. None of these cuts has been voted on yet, and it would be miraculous to me if half of them were ever approved.

But let's take the list that Mr. KASICH proposed at face value and note this about it. It very conveniently ignored or failed to note anything at all. It was silent on the issue of defense spending, and yet defense spending constitutes fully half of discretionary spending. Discretionary spending is right now about $545 billion. Defense spending is about $270 billion.

Mr. KASICH has said elsewhere that he would like to see defense spending frozen at its current level of about $270 billion a year. What I would like to do tonight is just explore the consequences of that. Let's put the other sphere on the first sphere, defense spending and discretionary spending, domestic discretionary spending together and see what happens.

If we combine the lower caps, that $100 billion lower cap, which are provided for by H.R. 1215 with a constant outlay stream of $270 billion for defense every year, an outlay freeze, we see from this first chart which I have here that we will need to make $41.4 billion in budgetary cuts, in nondefense discretionary programs in fiscal year 1996. And that begins, in effect, next month because that is when we begin the budget for fiscal 1996.

As you can see on this chart, these cuts in nondefense programs would have to rise to $66 billion in fiscal year 1998, and that constitutes a 23.5-percent cut below the current budget level of expenditure, 23.5 percent of student loans, 23.5 percent of Head Start, 23.5 percent of ag programs, job training, the Drug Enforcement Agency, the FBI and the Federal court system. Over the course of this year we would have to take off 23.5 percent and over the course of 5 fiscal years the cuts in nondefense spending required by holding defense spending constant at this year's level would add up to $187 billion, which is $87 billion more than the chairman of the Committee on the Budget spelled out in the illustrative list that he sent out to us yesterday.

There is a second chart I have here that depicts the same story, only in a different way. You can see from this chart, the blue line at the top is the proposed level of discretionary spending for domestic programs, nondefense programs, and President Clinton's budget. It runs from $260 to $280 billion, and it is roughly flat between $275 and $280 for 5 fiscal years.

But if we make these changes I am talking about it drops immediately from $260 to $220 and from $280 down to about $220, a $60 billion cut, very severe reductions.

The term defense freeze sounds sort of noncontroversial, benign, uneventful, but the purpose of these charts is to show you that it will trigger deep nondefense spending cuts because of the linkage between something we call budget authority and outlays. Budget authority are what we budget, what we pass around here every year. Outlays are what the government actually spends. And there is a difference between the two because we have to put up lots of budget authority, particularly for defense programs, and yet it takes the Department of Defense years in building a carrier to spend out all of that budget authority.

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There is a difference between the two. Because discretionary outlay is a cap, an increase in defense budget authority requires a 1-to-1 decrease in the budget authority of nondispensed accounts. Anything you put in defense, you have to take out of nondefense.

An outlay freeze seems to say, well, we just hold things like they are. But a defense outlay freeze means anything but the status quo for a nondefense program.

The cuts I have just gone over assume a hard freeze, that is, a flat freeze on defense spending. It would not be adjusted up or down except for inflation.

The SPEAKER pro tempore (Mr. RADANOVICH). Under a previous order of the House, the gentleman from Ohio [Mr. HOKE] is recognized for 5 minutes.

[Mr. HOKE addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from North Carolina [Mrs. CLAYTON] is recognized for 5 minutes.

[Mrs. CLAYTON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. MICA] is recognized for 5 minutes.

[Mr. MICA addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. OWENS] is recognized for 5 minutes.

[Mr. OWENS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]