growth through debt reduction and investments, exactly the mix of priorities that a successful business would adopt in good times.

Republicans have voted to reserve virtually the entire bounty of economic growth and fiscal discipline for tax cuts that will likely benefit only those who are already doing very well in the current economy. It is simple. The majority budget resolution may well burden future generations because of tax cuts and spending obligations made today, and they rely on surplus projections well into the future.

What does this mean for the people we represent? Little will be left for our urgent needs. Our national need to invest in social security and Medicare solvency, in education, in research and development, and in the environment will remain unmet.

The budget resolution that was passed by the House yesterday does not do enough for Americans when it comes to investing in education. It will not help hire more teachers, it will not help districts modernize their schools. It takes money away from higher education.

If we are going to prepare our children for the future, we have to do better. We have to make education a priority.

The problems go beyond education. Consider, for a moment, the implications of our budget resolution on the environment. America's public lands, wildlife, fish, and plants are assets that belong not just to us but to our children. We must allow for an increase in funding for protecting the environment and improving our communities. What will our children say if priceless resources disappear to suburban sprawl? Will future generations have the opportunity to see ancient forests or wildlife in their natural habitat?

Furthermore, we need to do more to support and encourage research and development. As a scientist, I understand the importance of increasing funding for both the National Science Foundation and for the National Institutes of Health. Today's research is at the threshold of major scientific advancement, which can dramatically improve the quality of life for the American people.

All of us have seen the benefits, the actual benefits and the potential benefits of research. Whether it is new discoveries to help fight AIDS and breast cancer, initiatives to improve our understanding of how ecosystems interact, or investing in teacher training to help students get the mathematics and science skills they need to succeed in today's and tomorrow's society, each action leads us to the doorstep of breakthroughs in improving the quality of life.

We need to make a stronger commitment to the future, and increasing funding for research and development should be part of that commitment. We simply need to make an investment now. It will benefit all of us and future generations. Waiting until later only delays the improvements in quality of life.

The President has proposed that we use the surplus to strengthen social security and Medicare, and to extend the lives of those programs. I will continue to work with other Members of Congress to use the surplus to pay down our national debt, to strengthen social security and Medicare, to encourage investments in education, and to meet our other long-term needs for environmental protection and research and development.

AMERICA NEEDS TO SET BUDGET PRIORITIES AND FOCUS ON PAYING DOWN THE NATIONAL DEBT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Washington (Mr. SMITH) is recognized for 60 minutes as the designee of the minority leader.

Mr. SMITH of Washington. Mr. Speaker, yesterday we took the first step on a long process of passing a budget this year, and a very important budget it will be as it will lay out priorities as we move into the next century. It will in fact be the last budget of the 20th century. As we move forward, we need to set our priorities.

This will be a long process as we go through the summer and into the fall in deciding what those priorities should be in passing a budget. I rise today to emphasize the importance of fiscal discipline, fiscal responsibility, and paying down our debt as we move through that process. I feel that should be the number one priority of this body in the budget process and for the future, as it is what can best help the people of this country.

We still have a significant financial problem. The news has gotten better in recent years. We have reduced the yearly size of the deficit, and we actually have the possibility of moving towards a surplus. All of that is good news, and many people on both sides of the aisle and many Congresses through the past 6 or 7 years can rightfully take credit for that, but the job is not done. I worry a great deal as I listen to the debate and listened to the debate this past week on the budget resolution that people have lost sight of that fact. We are talking about surplus politics, and I think we do so prematurely.

To begin with, we still incorrectly, from an economic standpoint, count the surplus in the social security trust fund as income to the Treasury, and use that surplus to claim an overall surplus when in fact we have an overall deficit.

Last year's numbers make this point clearly. We had a $100 billion surplus in the social security trust fund. The rest of the budget actually ran a $30 billion deficit, so presto, we have the $70 billion surplus that everybody has been talking about, it does not really exist, but that surplus in the social security trust fund is already obligated. We have to pay it back, plus interest to the Treasury, so that the trust fund can pay out the social security benefits that all of us, or all of us hopefully some day, that many of us, are due. So it is not money we can count as a surplus. To count it that way is to spend it twice. When we spend money twice, we wind up in debt as far as we are.

The second critical point in this is we still have an overall debt. That $70 billion surplus, mythical though it may be, even within the grounds of that myth is only a 1-year surplus, with quotations around it. The overall debt continues to grow. It is approaching $6 trillion.

On a yearly basis we pay $215 billion to service that debt. That is 15 percent of the budget, 15 percent of our budget, and $250 billion that basically goes simply to pay off past excess. It does nothing to meet our obligations at present or in the future, and it should be reduced.

Now is the time to do it. We have a very strong economy. We have unemployment at 4.2 percent. We have virtually nonexistent inflation, a booming stock market, with growth to match. If we cannot begin to pay down that debt now, we never will. We will never get there if we do not take that step right now. We need to step up to that as a priority.

I am concerned, as I look at the debate that we had on the budget resolution, that we are not heading in the right direction. I basically look at the budget resolution of this week that was passed in the House as a bad news-good news situation.

The bad news is, it is not a particularly good budget resolution, and the debate was even worse, from a fiscally responsible and economically accurate standpoint. But the good news is it borders on meaningless. What really is going to matter is the 13 appropriation bills that both bodies have to pass between now and October. There is no way that those 13 appropriation bills are even going to come close to matching what was in that budget resolution.

I say that is good news because the budget resolution overpromised in a number of different areas. Essentially by holding back key specifics, the budget resolution was able to promise in a number of interesting areas, promise more spending on defense, although they added another little trick in there that they promised budget authority but not necessarily outlays.

What is the difference between budget authority and outlays, we ask? It is the difference between promising to spend money and actually spending it. There is a big difference between those two things.

Beyond that, the pledges for increased spending in defense, in education, while at the same time including a massive back end tax cut, and by ''back end'' I mean it grows in the out years, in the first 5 years it is not too much, in the second 5 years it is more,

in the third five years it is even more, all of that, for all of that to work within any sort of fiscally responsible framework requires cuts in the rest of the budget that nobody is prepared to make, and therefore were not spelled out in that budget resolution, for some very good reasons. If they had been spelled out nobody would have voted for it and it would not have passed.

So the budget resolution was more or less a political document, an effort to try to gain favor in some areas by playing various tricks and smoke and mirrors games with the budget numbers. So it is not going to happen, but we are going to have a situation where we are going to have to pass a real budget. What is going to happen is all of those promises that were made during the budget resolution debate are going to be very tough to meet, in reality.

What is going to happen? My fear is that what is going to happen is exactly what happened in the 1980s, long before I got to Congress, actually when I was in high school and college and watched with horror as my predecessors in this body spent all of our future money.

Basically what happens is an agreement is reached that goes something like this: I will take your tax cut if you take my spending increase. That works out just fine for that Congress. They are able to pass out a lot of goodies and make every one happy, but it sets up a situation that I, among others, walked into in the mid 1990s.

Basically it is like showing up at the time that the credit card bill comes due. It is not a lot of fun and it is not good for the country, because I understand the Federal Government has many positive things that it needs to do. It has spending programs in the areas of education, in the areas of defense, environmental protection, medical research. It has tax cuts it can do.

All of those things are important, but they are not peculiar to this one moment in time. Ten years from now, 20 years from now, 30 years from now, and beyond, residents of this country are going to have needs in all of those areas, needs that they will not be able to meet if we spend the money now irresponsibly.

I am afraid that we are headed in that direction by overpromising, by talking about the politics of a surplus and where can we spend the money, where should we spend the money, what tax cuts we should do, way beyond what we can actually afford to do, and not even taking into account the nearly $6 trillion debt that we have run up over the course of the last 30 years.

□ 1730

Let us be fiscally responsible and start paying that down.

Worse than that, the debate, as I watched it, degenerated into a criticism of the Clinton budget and a battle over who is, quote, setting aside more for Social Security.

There are a couple of problems with this argument. First of all, it allowed many of the majority party who supported their budget to not even really talk about their budget, but rather try to focus their attention on proving that the President's budget that he introduced 3 months ago was bad.

That may well be. In fact, an amendment was offered by a Member of the majority that was supposedly exactly the President's budget. It was defeated, I think, with only two votes voting in favor of it.

From the time that budget was introduced, many things have changed, many other ideas have come up. The budget is a dead issue. Yet, that is what the majority party spent most of its time talking about.

I would have much preferred them to have spelled out some of the specifics of their own resolution. I also would have much preferred them to be a little bit more honest in their analysis of that budget.

I brought a chart with me which I saw frequently on the day that the budget resolution was debated being brought up and put forth by the majority party as evidence that their budget was better for Social Security than the President's was.

I bring this chart up mainly for illustrative purposes to show how—well, dishonest might be too strong a word; we are supposed to not say things like that in this honest body—let us say how disingenuous the debate was. I will put that chart up now.

This chart shows the commitment on Social Security. It is interesting. The Republicans' argument throughout the whole budget was that their budget sets aside 100 percent of the Social Security Trust Fund or, sorry, 100 percent of the surplus for Social Security, whereas the President only sets aside 62 percent.

The interesting thing is, and they absolutely had to be aware of this fact, the 62 percent that they are talking about, or sorry, the 62 percent that the President was talking about was 62 percent of the entire surplus, whereas the number that the Republicans were referring to in their budget was 100 percent of the Social Security surplus.

So basically the President was talking about 62 percent of a much larger number. In fact, a fascinating fact is this 62 percent of that much larger number is almost exactly the same as that 100 percent. In other words, there is no difference whatsoever.

Yet, the majority got up here and argued repeatedly that their budget was better because it set aside 100 percent instead of 62 percent. It is just exactly that sort of disingenuous use of fact that colored the debate and got us way off the topic. That topic ought to be fiscal responsibility.

If we want to do something about Social Security and Medicare, and that is really a third point in addition to the two prior points about how our budget situation is not as rosy as it is, those being, one, that we still count the money that we borrow from the Social Security trust fund; two, we have an existing debt; three is the coming bills on Social Security and Medicare once the baby boom retires, those exploding bills that are out there and what we are going to do about them.

Nowhere in the budget resolution does it say anything about any sort of Medicare or Social Security reform to deal with those problems. If we do not, that is going to further exacerbate our financial situation.

The level best thing that we can do for dealing with those programs, well, there is two things: one, we can reform the two programs, but two, is to not spend the money now. Because the interesting thing about this chart is both the President and the Republicans are being somewhat disingenuous in arguing about how much money they, quote, unquote, are setting aside for Social Security.

We cannot bind future Congresses in that way. As future Congresses pass budgets, they will decide whether or not to spend this money on Social Security, Medicare, or someplace else. It will require a year-to-year decision to decide what to do with that.

So to say that we are setting it aside now is somewhat empty rhetoric except for this point: It is arguable that the extent to which we are fiscally responsible now, in other words, the extent to which we do not spend money or do not give out tax cuts that further inhibit our ability to have revenues for Social Security and Medicare, to the extent we do that, we will be in a better position to deal with Social Security and Medicare in the future.

So the number one biggest test, aside from all this baloney with the charts, this effort to confuse people by taking two separate numbers and treating them as the same when they are not, look at the budget and see if it is fiscally responsible. That is the test on whether or not we are preparing for dealing with the coming increases in cost and Social Security and Medicare.

Again, when we look at the budget resolution we passed this week, it promised $800 billion in tax cuts over 10 years. Actually, that number balloons even further in the next 5 years, over a 15-year period. It also promised massive increases in a number of different areas of spending. All of that will jeopardize this chart considerably.

That is what we need to look at as we debate the budget in the months ahead. Because, as I said, the hard work is yet to come. We have basically done the smoke and mirrors, twisted the numbers around to make them look as good as possible. Now we actually have to pass realistic appropriations bills. That is going to be far, far more difficult than simply passing a piece of rhetoric.

I rise today to urge fiscal responsibility. Balance the budget and pay down the debt. That is the best thing we can do for society today and in the future.

Mr. Speaker, I am pleased to yield to the gentleman from Arkansas (Mr.

BERRY), a colleague who will help in this argument. I appreciate his coming down.

Mr. BERRY. Mr. Speaker, I want to thank the gentleman from Washington (Mr. SMITH) for the opportunity to participate in this effort.

Mr. Speaker, I am reminded of an occasion that actually happened to me. I had been from a farm to town to get some supplies, and I was on my way back. One of my neighbors was out in his field, and he was walking back toward the road. He waved me down. Out in the country, when someone waves at you, well, you generally stop and at least say hello. I was concerned that he might need a ride someplace or need to see me about something. So I stopped.

He walked over to my truck, and he said, ''I just wanted to check.'' He said, ''Do I look like an idiot?'' I said ''Well, sir, you are not. You are a distinguished-looking fellow and certainly do not look strange in any way.'' He said, ''Well, I just wanted to check.'' He said, ''It seems like everybody that comes down this road today wants to take advantage of me.''

That is kind of the way I view this budget. The Congress this week passed perhaps the most irresponsible budget resolution this country has ever seen. The Republican leadership's budget does nothing to solve our Nation's most pressing need, the solvency of the Medicare trust fund. The Republican leadership's budget does nothing to pay down our national debt.

Instead, it devotes any future surpluses that are estimated, and they are projected at close to $800 billion and this is money we do not have, to a tax cut without making any corresponding spending cuts.

I am in favor of cutting taxes, particularly for small business owners. But to ignore this country's $5.3 trillion national debt, to ignore this country's future Medicare needs is just plain wrong.

To make these assumptions that we are going to have this great wealth to spend out here and be irresponsible about it, like we were back in the 1980s, and to run the risk of incurring yet more debt and to not at the very least have a protection mechanism in there where these tax cuts do not take place where this money does not exist is irresponsible.

The American people expect us to come up with a realistic fiscal plan for this country. Let us shelve this unworkable, unrealistic budget resolution and get to work on real budget.

Again I am reminded of a story that actually happened. For 30 years, I ate breakfast in the same cafe every morning before I went to my farm with the same group of people.

One of the fellows I usually ate with, and he is no longer with us, but he would come back in that cafe late in the afternoon, and he would have taken his ballpoint pen, and he would have figured on his pants leg, in the fall of the year, his combine would make the first round around the field, and he would estimate how much his yield was going to be and how much he was going to get for it.

He would figure up right there on his pants leg how much money he was going to have. Sometimes he would go to town and spend quite a bit of that. Then the harvest would not turn out quite as good as he expected, and the price maybe would deteriorate, and he would end up in trouble.

The next morning, when he would come back to the cafe, he would have washed those pants, and his money would have all disappeared.

I am afraid, if we take this budget with all these projected surpluses that we do not really have, it will happen to this country like it happened to my friend. We will wash our pants, and all the money will be gone.

So I urge this body to be more conscious of what a workable and realistic budget resolution should be and to do our best to work toward that goal.

Mr. SMITH of Washington. Mr. Speaker, I thank the gentleman from Arkansas for those well-said words.

Mr. Speaker, I yield to the gentleman from Florida (Mr. DAVIS) who is a member of the Committee on Budget and has done an outstanding job of standing up for fiscal responsibility for both his constituents and the rest of the country as a member of that Committee on Budget. I appreciate his support.

Mr. DAVIS of Florida. Mr. Speaker, I just want to highlight one more time what we have been talking about tonight, and that is that there should be no greater priority in this Congress than paying down the $5.3 trillion Federal debt.

We are living in a time of uncertainty. We have got a difficult situation. We are going to do our best to manage in Kosovo. We have got an incredibly healthy economy, but we cannot be certain what lies ahead. The most prudent thing for us to be doing right now is to make paying down this massive Federal debt our highest priority.

There are three good reasons why we ought to do that. First is, it is the right thing to do for our children and grandchildren. We should not force them to inherit this massive debt.

The second reason is, it will help us prepare Medicare and Social Security for the retirement of the baby boomers, because those funds that we set aside by virtue of paying down the debt can be used as the baby boomers begin to retire and put more strain on Medicare and Social Security.

Finally, it is the best thing we can do here in Congress to assure that this economy will stay healthy.

Chairman of the Federal Reserve Board, Alan Greenspan, testifying before the House Committee on the Budget, makes it perfectly clear that, as we pay down this Federal debt and the Federal Government competes less to borrow money in the private sector, it has a direct bearing on interest rates.

In my home, like many of the homes we represent, Hillsborough County and Tampa and Florida where the average mortgage is about $115,000, when we drop interest rates about 2 points, from 8 percent to 6 percent, that reduces a monthly mortgage payment by $155.

I will tell my colleagues that $155 reduction in that homeowner's monthly mortgage payment is better than most of the tax cuts that are being promised here in Washington. They can be taken immediately, and one does not have to call one's accountant to figure out how to do it.

That is just one example of the positive impact of paying down the debt, apart from the fact it is the right thing to do, apart from the fact that it is the best thing we can do right now for Medicare and Social Security.

So I urge my colleagues to take a second look at this $780 billion tax cut that we just passed here, and let us go back and let us do a tax cut, but let us put first things first. Let us pay down this massive Federal debt. Let us make that our highest priority. It will produce benefits at home for homeowners, for students who have student loans, for people who are trying to pay back credit card debts, and it is the right thing to do for our children and grandchildren.

Mr. SMITH of Washington. Mr. Speaker, I want to follow up on that last point about keeping the economy strong. I came into Congress in 1996. Before that, I served 6 years in the Washington State senate, so I started there in 1990.

I came into the body in the State senate during down economic times, during a time period when our treasury had a $2 billion shortfall; and in the State of Washington, $2 billion is a lot of money.

We had to figure out how to deal with that in terms of cutting spending and raising taxes and basically dealing with covering the debts of government.

That is a horrible situation to have to deal with as compared to the situation that we are in right now with a strong economy generating strong revenues, so that we can fund programs and hopefully pay down the debt.

If we can pay down the debt, if we can be fiscally responsible in a way that keeps the economy moving forward, that will have benefits that spread all across the country and must be a top priority.

I want to touch on one other point. Basically, I figure a lot of people might be tuning in and saying, what is a Democrat doing talking about a balanced budget and fiscal responsibility? Well, I feel that I am a member of the new Democratic Caucus, the new Democratic Coalition that is very interested in focusing on issues like fiscal responsibility and paying down the debt. Because, though we believe in government, we do believe that government has a limited role to help in areas like education and infrastructure and protecting the environment. We also

recognize that if we are not fiscally responsible, we will not be able to do that. We will not have the confidence of the voters in the first place that their tax dollars are being well spent.

Second of all, as I mentioned earlier, these are not one-time needs.

□ 1745

We are not the only generation that is ever going to need these things, and if we spend all the money now, we do a grave disservice to the future.

I have been very pleased with the number of my Democratic colleagues who have made paying down the debt and getting a balanced budget the number one priority in this budget process. I think it speaks well for the direction of the Democratic party today.

That, Mr. Speaker, is an excellent intro for the gentleman from Minnesota (Mr. DAVID MINGE), who has been probably the leader in our caucus on fiscal responsibility and paying down the debt, and I yield to him at this time.

Mr. MINGE. Mr. Speaker, I want to thank my colleague from Washington for this opportunity to speak during his special order.

First, I would like to say that I would associate myself with my colleague's comments. I certainly agree with the gentleman wholeheartedly. And I would further preface my remarks by complimenting the Speaker. The Speaker has done a remarkable job of keeping his commitment to moving the budget resolution through on a timely basis.

I know that on our side of the aisle we have had difficulty with this some years. Last year, with different leadership, we never did have a concurrent budget resolution that passed Congress, which was a real failure of leadership. But this year we do have a concurrent budget resolution, and I do think the Speaker is to be commended for the priority he has accorded this task and the fact it was completed on a timely basis. It is almost historic.

I would also like to compliment the leadership for staying within the budget caps. The President also stayed within the budget caps. There has been a lot of squabbling about whether this budget or that budget was actually within the budget caps, and of course there will be a great deal of anguish as we try to live within the budget caps, but, nonetheless, we have had a remarkable bipartisan commitment to staying within the budget caps.

The next question is how have we acquitted ourselves of our responsibility to deal with this task of providing the Committee on Appropriations and the other committees in Congress with a road map as to how they ought to perform their functions vis-a-vis the budget for the fiscal year 2000 and for the subsequent budget years. I think it is here that we begin to really see some disagreement in perspective.

As my colleagues have indicated, there is some real unhappiness with the fact that the priority that we ought to be according to paying down the debt has not been shared on a bipartisan basis to date. We have had several years of remarkably good economic times, about 9 years, and we are all pleased here in the United States that we have had good economic times. It is the economy more than anything else that has allowed us to come within just a fraction of a percent of balancing the budget here in fiscal year 1999. And the hope is, with the new CBO baseline, we will indeed balance the budget in fiscal year 2000 without using Social Security. It is historic.

So the question is if we are balancing the budget without using Social Security, what are we doing to address the problem of the $5.7 trillion national debt? What priority do we accord that? And, Mr. Speaker, I would like to emphasize that I, and I think most Members in Congress, feel that paying down the national debt is indeed a top priority.

Certainly it is refreshing to see us take the Social Security Trust Fund out of the budget and quit using that to subsidize other programs or the budget generally. But the fact of the matter is that by taking the Social Security Trust Fund off budget, we are only doing what we really should have done years ago. And what we are failing to do at this point is to use some of the surplus that has been projected for the next 5 years and the next 10 years to pay down on this debt.

My colleagues and I in the Blue Dog coalition, and about 135 of us, voted for a budget 3 weeks ago that would devote 50 percent of the surplus to paying down on the debt. This budget proposal had bipartisan support, and the new Democratic coalition was a very important part of this. Tragically, we could not prevail on the majority to include this commitment to paying down the national debt in the budget that was passed here this week.

I would like to urge that in the weeks and months ahead that we work together on a bipartisan basis and determine if there is a way that we can go back to that principle of devoting 50 percent of our surplus that is projected to reducing our Nation's debt. In these good times, we ought to be making the repairs to our fiscal house.

There is a saying that when the sun is shining, it is time to fix the roof. Well, the sun is shining on the American economy these days, and it is time to fix the budget roof, to pay down that debt so that the legacy that we are leaving our children does not include this $20,000 per capita debt that each man, woman and child has in the United States today as their part of being Americans.

If we take that $5 trillion and divide it by our Nation's population, it is roughly $20,000 that each man, woman and child in this country has as that person's share of the Nation's debt.

Now, President Clinton did not handle it quite the same way we did in the budget that was proposed by the Democrats. He would take a portion of the surplus and reserve that for the Medicare program. And although that is not identical, it certainly is a step in the right direction, and I want to commend the President for that. I hope that the President can work with those of us in Congress to achieve this goal.

I would like to make one other comment, if my colleague from Washington would indulge me, and that is that we have a great deal of emphasis these days on trying to do right by the men and women in our armed forces; in their pay scale and in their retirement benefits. I do not disagree that the men and women in uniform need additional compensation so that they are fairly treated in this robust economy that we have. I realize that we are losing experienced military personnel, taking early retirement or not reupping because they can do better in the private sector.

But I would like to emphasize that as we proceed with this task of trying to do right by the men and women that work for the Federal Government, that we not overlook the fact that the civil servants similarly find that the private sector is quite attractive. In fact, I have met with folks that work for the Farm Service Agency in the rural Midwest, and I am learning that, to the horror of the administrator of that program, we are daily losing highly qualified experienced personnel to the private sector; people that are saying they are not sure what this agency is going to be doing; they are concerned that there have been cutbacks in staffing levels and there may be further cutbacks; and the compensation level has not kept up with the private sector.

So it is easy to pick out one group and say we are going to favor that group, but I think it has to be a balanced approach. And we should not lose sight of the fact that other men and women working for the Federal Government are in a similar predicament.

Now, having said this, I am not urging that we go back and somehow do something irresponsible with the budget. I am simply saying it is a task of being fair and proportional. It is a question of equity. And as we proceed with the appropriations bills, I trust that we will be fair to all Federal employees.

In closing, I would again like to thank the gentleman from Washington for his leadership on this and urge that we recognize the importance of paying down this vast national debt as a top priority and using the budget surpluses that are anticipated in the years to come.

Mr. SMITH of Washington. Mr. Speaker, I thank the gentleman from Minnesota.

To conclude this topic, I will just go back to where I started from. This is going to be a long process. The budget resolution that we have passed is but

the first step. Passing the 13 appropriations bills over the course of the next 6 to 7 months will be the important step. That is where we will make the decisions.

And as we approach those decisions, we have a clear choice. We can do politics as usual. And politics as usual basically means that we over promise and play political games to try to make it look like we can keep more promises than we possibly can in the hopes that the people we are making those promises to will not notice that we have not kept them or, better yet, will find somebody else to blame for the fact they have not been kept.

That is the politics of taking one person's tax cuts, another person's spending increases, doing a deal, and just worrying about the debt later. That process is what got us into this mess in the first place.

I understand how powerful that process can be. Not a day goes by that I do not have somebody come into my office and present a very credible case for a need. Whether it is a need for spending increases or a need for a particular tax cut, they make very powerful arguments.

And we must look at each one of those situations and make disciplined decisions. But we cannot look at each one of those and simply say, well, gosh, is this an important program; would we like to spend money on it; and, if so, we must. We must look at that side of the equation, but we must balance it against the overall needs of a fiscally responsible budget and not promise more than we can possibly give out.

I fear that the old politics of the 1980s, of basically winning elections one check at a time, whether it is a tax cut or a spending increase that makes some group happy, is where we are headed again. And when I see people talking about the so-called politics of never-ending surpluses, I see us drifting into that direction and it worries me.

Because the other choice is to be fiscally responsible in how we approach the budget and be disciplined, and place as an overarching priority that shall not be bent that we first balance the budget and, second, begin paying down the debt.

Now, the good news is that because of that strong economy we can do both those things and still do some other things. We can increase spending to help our men and women of the armed forces and we can do some tax cuts. But we cannot do everything that everybody has laid out on the table during the course of this budget resolution debate.

And if we promise too much and get ourselves too far down that road so that we feel we cannot go back on those promises, what will suffer is fiscal discipline. And, more specifically, what will suffer is our children and their children and the future generations of this country who, once again, will grow up to be handed a credit card bill as the first thing that we give them. That is not leadership. That is not what we were elected to do.

Now, I know a good many people say the way to get reelected is to bring home stuff. Whatever it is, a bridge, a swimming pool, a new school, whatever, we must bring home something to our constituents so that we can show them that we have made a difference. In each election what I want to be able to say that I brought home to the people I represent is fiscal responsibility; a balanced budget that is going to keep our economy strong and keep our commitment to future generations. That ought to be enough for Members of Congress to bring home.

That is the message I am getting from my constituents; be responsible, be disciplined. Yes, we have needs, but there is no reason we cannot meet those needs within the parameters of a balanced budget and paying down the debt. Make that the top priority.

Mr. Speaker, with that I would like to now yield to the gentleman from Arkansas (Mr. VIC SNYDER), who has been a leader on fiscal responsibility and making sure that we have a fair and balanced budget.

Mr. SNYDER. Mr. Speaker, I thank the gentleman for allowing me to be here with him this evening. I appreciate the work the gentleman has done on these issues and the folks that stayed around to talk about the importance of fiscal discipline.

As the gentleman knows, the House has adjourned for the week. Most people are in planes heading home, and it seems like we had some stalwarts defending the importance of fiscal discipline in this country to stick around this evening and discuss this issue.

I want to make a comment briefly, if I could. I heard someone on the House floor today talking about how we have the situation now where we have budget surpluses as far as the eye can see. As far as the eye can see. I think it is very nice to be part of a Congress, in my second term, where we can talk about budget surpluses. But as I look out at the world today, I also see challenges as far as the eye can see.

Mr. Speaker, we better be very, very careful that we not head down the path of a lack of fiscal discipline and head into the time of not being responsible in how we deal with these surpluses or we will make some mistakes like we have in the past.

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So what are some of the challenges? We talked a lot about the importance of dealing with Social Security and Medicare before we talk about major and large and huge tax cuts. That is what the American people want us to do. They want us to deal with the challenges of Social Security and Medicare.

They understand this baby boomer generation, of which I am a member. When we are fully retired in 15 or 20 years, we will challenge those two systems.

The events in Kosovo and the Balkans in the last 3 weeks really bring home the importance of having a well-funded and adequate and strong and capable and technologically superior defense. And there were a lot of us that have been concerned, even before these events in the Balkans, that we need to put additional money into the defense budget. Clearly, the events of the last 3 weeks, the last 21, 22 days, bring home that even more.

I am also on the Committee on Veterans' Affairs and have been very concerned as a family doctor about, are we adequately funding the health needs of veterans? I believe there is going to be some information come out in the next few days about the potential once again, bring home the potential once again for hepatitis C and its impact on the VA health care system.

As we learn more and about hepatitis C, its long latency period, about the increased risk to Vietnam veterans, about the devastation that it can bring on people years after they incurred the virus through chronic hepatitis, through loss of their liver, through death. I had a friend who died a few months ago of hepatitis C, and he had been in good health at age 43 2 weeks before his death.

And finally, the changing world economy. It is too soon to think that because we see surpluses as far as the eye can see that this world economy will never change in a negative direction. Of course we are going to have recessions. Of course we are going to have recessions in the future, some of which may be fairly major. These are the kinds of things that we have to be prepared for that are challenges in the future.

Agriculture: In Arkansas we had terrible problems with drought and low prices, and I do not see and I do not think many people in Arkansas see that improving this next cycle. That is going to be a very great challenge for this country, and we are nowhere close to solving that.

Challenges take money. And I support tax cuts. I supported the tax cuts in 1997. I supported balancing the budget in 1997. But before we are too quick to give away huge tax cuts, contrary to the wishes of the American people, we had better deal with these very, very significant challenges, solve them first, be sure that we maintain our budget discipline, our fiscal discipline is so important to this country and so important to the American people, and then deal with the long-term issue of what kinds of tax cuts, in what amounts can we give tax cuts to the American people.

And I know every Member of Congress would like to give tax cuts to the American people if it is fiscally sound.

I appreciate the gentleman from Washington (Mr. SMITH), his work on this issue.

Mr. SMITH of Washington. Mr. Speaker, I yield back the balance of my time.

CHINESE ESPIONAGE

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Indiana (Mr. BURTON) is recognized for 60 minutes as the designee of the majority leader.

Mr. BURTON of Indiana. Mr. Speaker, I rise to address the issues of Communist China's efforts to steal our most advanced nuclear secrets, their funneling of illegal contributions to President Clinton's 1996 reelection campaign, and how the Clinton administration, either intentionally or through incompetence has irreparably damaged and compromised the security of every man, woman, and child in the United States.

Mr. Speaker, last summer during President Clinton's trip to China, Jiang Zemin, the President of China, told him that he had no involvement in campaign fund-raising in the United States; and President Clinton took his word for it.

In that July 2, 1998, press conference, President Clinton said, ''They looked into that, and he was obviously certain, and I do believe him, that he had not ordered or authorized or approved such a thing, and that he could find no evidence that anybody in governmental authority had done that,'' giving illegal campaign contributions to the Democratic National Committee or the President's Reelection Committee.

Why would President Clinton say that, Mr. Speaker? The New York Times reported in May that Johnny Chung was given $300,000 by Ms. Liu Chao-ying, a Chinese aerospace executive who is a lieutenant colonel in the People's Liberation Army in Communist Army, and her father at one time was the head of the Chinese People's Liberation Army.

In April of 1996, 27 months before President Clinton's meeting with President Jiang of China, Sandy Berger, the head of the National Security Council, was briefed that China had stolen W–88 nuclear warhead designs, neutron bomb data, and that a spy might still be passing secrets to China at Los Alamos, one of our nuclear research facilities.

Now, the W–88 nuclear warhead design is a miniaturized nuclear warhead, and you can put as many as 10 of them on one missile. So you can hit 10 cities with one missile launched from China, thereby endangering as many as 50 or 60 million Americans. And the neutron bomb data, that kind of information, would allow an enemy of the United States, Communist China, to launch a missile at the United States with a neutron bomb warhead, and when it explodes, kills everybody in the city but it does not destroy the infrastructure, the roads, the bridges, or the buildings.

Now, Sandy Berger, the head of the NSC, would have had to have told the President about this. Why would President Clinton say that he believed President Jiang of China?

Mr. Speaker, on April 8, 1999, at a joint press conference with President Clinton, when Communist China's Prime Minister Zhu Rongji was here, he was asked about China's theft of U.S. nuclear secrets; and Prime Minister Zhu said, ''I have no knowledge whatsoever of any charge of any allegation of espionage or the theft of nuclear technology, and I do not believe such story.''

And President Clinton responded, ''China is a big country with a big government, and I can only say that America is a big country with a big government and occasionally things happen in this country and in this government that I do not know anything about.'' And he was indicating that the stealing of this technology and the illegal campaign contributions that were authorized by the leaders of the Communist Chinese Government could have happened without their knowledge.

If that happens in Communist China, they either shoot them or put them in prison. So it is disingenuous for the President to say that he believed him when he knew full well that this was taking place.

In July of 1997, a year before his meeting with President Jiang and 27 months before his meeting with Prime Minister Zhu, the administration acknowledges that NSC Director Sandy Berger briefed the President, told him about weaknesses in our nuclear laboratories and about China's spying.

So when President Clinton met with President Jiang and Prime Minister Zhu, he had already been briefed by NSC Director Berger sometime before about the possibility of spying and espionage taking place at our nuclear facilities.

Before the President met with Zhu, the L.A. Times reported that Johnny Chung had testified under oath that he was directed to make illegal campaign contributions to the President's reelection campaign by General Ji Shengde, who met with him three times and ordered that $300,000 be directed to Chung for political contributions, and that there were other conduits, other people that they were working with to get money into the President's reelection campaign and to the Democratic National Committee.

Now, Johnny Chung was a friend of the President. He was in the White House 50 times. He brought other people in, Communist leaders, to meet with the President. And he was one of the major conduits of bringing illegal campaign contributions into this country.

General Ji Shengde was the head of the Chinese Communist military intelligence, the equivalent of our Defense Intelligence Agency in this country; and he was the one that was giving the order to funnel these illegal campaign contributions from communist China into the President's reelection campaign and into the Democrat National Committee.

Now, why would President Clinton suggest that maybe the Chinese leadership did not know about the spying at Los Alamos? Why would he say that? Mr. Speaker, when they do something in China, as I said before, they either shoot them or throw them in jail.

Now, regarding Chinese espionage. In April of 1996, 27 months before President Clinton accepted President Jiang's denial, and 3 years before he suggested that China's spying might be the fault of ''big government,'' the Department of Energy's chief of intelligence Notra Trulock told National Security Advisor Sandy Berger, the head of the NSC, that China had stolen both W–88 nuclear warhead designs, that is the miniature nuclear warhead that they can put 10 of them on one missile, and neutron bomb data; that a spy might still be passing those secrets to China from Los Alamos, our nuclear research facility.

Mr. Speaker, according to Energy officials who took part in the meeting and read highly classified materials used to prepare for it, Sandy Berger was also told how the stolen technology could fit into Beijing's overall nuclear strategy and how the W–88 technology could be used as part of a plan to rely on the mobility of truck-launched missiles with small warheads to better survive a counter-nuclear attack by the United States.

According to the New York Times, Energy officials said the briefing was a culmination of a 5-month interagency study of the W–88 theft and related issues and it was pretty was ''a pretty specific briefing.'' One American official who was present said that. Sandy Berger was even told that investigators had identified a prime suspect at Los Alamos in the theft and would shortly turn their information over to the FBI for a formal criminal inquiry.

Why did Sandy Berger, the head of the NSC, appearing on NBC's Meet the Press last month, say the information he was told about 3 years ago was very general and very preliminary? Why did he say we did not have a suspect in the theft of the W–88 technology? Why did he say that we did not know who, we did not really know how, and we did not really know what?

We know at the end of the briefing that I just talked about, according to officials that were present, Notra Trulock referred to a report from a Chinese source which had been provided to the Department of Energy by the FBI in March of 1996, over 3 years ago.

Mr. Speaker, the Chinese source indicated that officials inside China's intelligence service were boasting about how they had just stolen secrets from the United States and had used them to improve Beijing's neutron bomb.

The source further suggested that Chinese agents solved a 1988 design problem by coming back to the United States in 1995 to steal more secrets. The source, who in the past has provided reliable information, even detailed how the information was transferred from the United States to communist China.