House, the gentleman from Texas (Mr. PAUL) is recognized for 5 minutes.

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

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RESPONSIBLY MANAGING OUR NATION'S DEBT

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

Mr. MINGE. Mr. Speaker, this evening I wish to address this body with respect to the problem of our Nation's debt and how we responsibly handle this debt in a time of budget surpluses. We are indeed fortunate as Americans to have the robust economy that we have experienced over the last 8 years. It is unprecedented. We have had the strongest sustained period of economic growth in the 220 year history of the United States of America.

At the same time, we have a record debt. I would like to begin my remarks by sharing with my colleagues an anecdotal story that is commonly used in my home State of Minnesota and it refers to two fictitious individuals named Oley and Lena. I happen to be of Scandinavian ancestry and one of my grandfathers was named Oley, so I do not know if it is my grandfather, but in any event, the story goes as follows.

Oley got up one morning and Oley went outside to do his business in the outhouse. And as he pulled up his bib overalls, a couple of quarters fell out of his pocket and down into the hole. Well, Oley was disgusted. He took out his wallet, took off his watch and he threw them down the hole as well. Oley went back in the house and did not have much to say and Lena said after a while, well, Oley, what is wrong? Why do you not talk to me?

□ 1945

Olie just said, humph. She kept pressing him. Finally, Olie shared with his wife Lena the account of what had happened out at the outhouse.

Lena said, well, Olie that was a dumb thing to do. Why did you throw your watch and wallet down the hole? Olie said to Lena, well, you did not expect me to go down after 50 cents, did you?

Well, this may be humorous and it may appeal to grade school children; but on the other hand, it holds a certain kernel of truth with respect to the problems that we face out here.

We struggle with the losses that we have had as Americans, the losses in terms of an enormous national debt. We try to figure out what to do about it. Sometimes we think that by creating a little bit more debt and then going down and rescuing what we just created that maybe we have solved the overall problem. But I submit that is not the case. A lot like Olie, we go back into the house, and there is a certain order to us, and we really do not have any more to show than before we started.

I would like to just use a couple of charts here to illustrate this problem with the accumulating national debt, and then I know I have some colleagues here; and I would like to make sure that they join in the colloquy here this evening and that we fully inform the other Members of this body as to the gravity of the situation and the opportunities that await us.

This first chart shows the accumulation of the debt that we have at the Federal level in the United States. This goes back to 1980 when the debt was approximately $1 trillion, which would be about $4,000 at that time for every man, woman, and child in our country.

As my colleagues can see, there is a tremendous amount of red ink. By the time we get to 1998, the debt has exploded to $5 trillion. It has expanded by more than 500 percent. Now it is up to about $5.7 trillion, or about $20,000 for every man, woman, and child in our country.

So it is important for us as Americans to understand that, when we talk about a balanced budget, it does not mean there is no debt. Indeed, the debt is unprecedented. When we think of $20,000 for every man, woman, and child in our country, we are talking about a very serious situation. It is not just the humor of an Olie and Lena story.

It is important for us to understand the difference between the words ''debt'' and ''deficit.'' This next chart shows the birth and the sort of the difference between the debt and the deficit. Now, remember that we had that $5.7 trillion debt. The deficit is how much we have gone into debt each year. It is an annual figure.

Again, if we go back to, in this case, we are going back to the 1970s, 1969, we had a little bit of a surplus. That was in President Johnson's administration. Then in the 1970s, during President Nixon, we have some losses. We see the yellow. During President Ford's administration with the green, we have some more losses. President Carter's administration, now we can call it red ink. It is getting red. During President Reagan's administration, we have an enormous amount of red ink. During President Bush's administration, we can see the turquoise.

So these are deficits. Each year we are accumulating more debt. That is what leads to the $5.8 trillion we talked about.

Here is President Clinton coming in. We can see that we have a large deficit the first 4 years. The fifth year, it is a fairly modest size deficit. Then finally we begin to show some surpluses here in 1999 and 2000.

So this talk about a surplus has to be understood against the fact that we have an existing $5.7 trillion debt. We cannot be confused by the difference between the debt and the deficit. It is kind of like, Mr. Speaker, we have got to go back to budgeting 101.

Mr. Speaker, I yield to the gentleman from Texas (Mr. STENHOLM) to continue our discussion because there are many more developments here that are important for us to consider if we are going to do a responsible job as Members of Congress in developing a budget for the year 2001.

Mr. STENHOLM. Mr. Speaker, I thank the gentleman from Minnesota (Mr. MINGE) for yielding to me. I thank him for his leadership on the budget and for his calling this special order tonight to talk about deficits and debt.

The Blue Dog budget that will be hopefully eligible or allowed to be considered tomorrow is one in which we emphasize paying down the debt. We are going to hear a lot of rhetoric perhaps later tonight, and I know we will tomorrow, about surpluses.

One thing that everyone needs to understand, Mr. Speaker, is when we are talking about $4 trillion in projected surpluses, they are projected. The lion's share of those surpluses are projected to occur in 2006, 2007, 2008, 2009 and 2010. Now, who among us can predict tomorrow much less predict 5 years, 6 years, 7 years from now?

That is why the Blue Dogs have taken the position for the last 2 years that the conservative thing to do with projected surpluses is to apply as much of them to our debt as we can. That is the conservative thing to do just in case they do not materialize.

That is why we have suggested that any non-Social Security, and let me emphasize that because the record will clearly show that both sides of the aisle are now dedicated to not touching Social Security surpluses or Social Security trust funds, and that is good. That is positive. It is the non-Social Security Trust Fund or surpluses or dollars yet to be achieved that we are talking about.

Just for rounding off purposes tonight, we are talking about $2 trillion. Many people are going to contend that that is your money, meaning the American people's money; and, therefore, it ought to be returned to you. But some of us will be contending that it is also your debt.

There are charts that the gentleman from Minnesota (Mr. MINGE) has just shown, the one that stands to his right right now showing the build up of the debt and then the building of the debt and showing that we now owe approximately $5.6 trillion.

Now I ask all of you who are so exuberant about a tax cut so we might return it to those of you earning it today, what about your children and grandchildren? Why not take this longest sustained economic expansion in the history of our country that has occurred in the last 7 years, why not take this period in which a lot of folks are doing very, very well and use this opportunity to pay down some of that debt which this generation has built up?

That is the message that we are going to continue to hammer on. We think it makes sense. We think it is the conservative thing to do. We do not

think there is anything conservative about giving a tax cut and spending our children and grandchildren's future now, particularly when these surpluses may not occur.

This is one thing that has really bothered me and why I have on occasion said that the trillion dollar tax cut proposed by some is the most fiscally irresponsible bill to come before the House of Representatives in my 21 years here. Many people almost get to fighting with me when I say that because they say I can point to others. I say, no, you are misunderstanding what you are saying. It is not the current effect of the tax cut that worries me. It is 2014. It is when this debt to our Social Security retirees, the baby boomers, are about to retire.

It is in 2014 when we are going to see the surpluses built up by Social Security suddenly evaporate, and then that Congress in 2014 will either have to increase taxes or reduce benefits, promised benefits to that generation.

Now, to me that is fiscally irresponsible. It is why we are saying that, when we look at tax cuts that start slow and then explode in 2010 to 2014 to 2020 at exactly the same time that the economy to pay off Social Security is going to require tremendous additional dollars, it is irresponsible for this Congress in 2000 to have a tax cut that ignores that debt and that deficit that will occur in 2014. No one disagrees with that.

This is why, again, going back to the short term, and that is tomorrow and the budget, why the Blue Dogs have proposed a budget that will pay down the debt held by the public by 2012. Now that may not sound like much compared to 2013. The Republican substitute says that they will pay it down by 2013. We say we will do it by 2012, one year.

But here is the significant thing about our deficit reduction package. We retire over 30 percent of the debt held by the public within 5 years, and 80 percent of the debt held by the public would be retired within 10 years because we have a plan that actually reduces the debt.

I believe it was the idea of the gentleman from Minnesota (Mr. MINGE) who came up with the 50/25/25. I do not remember. But I think it was. He came up with this proposal originally when we started down this path, taking 50 percent of any surpluses and using that to pay down the debt.

Mr. MINGE. Mr. Speaker, reclaiming my time, I know we struggled with this question, what is an appropriate balance. I think that most of us in our Blue Dog Coalition Group felt that our responsibility is first to our children and grandchildren; and that reducing the debt and the interest burden on the next generation is critical; and that our generation has had the benefit of many of these Federal expenditures. We should not demand that we continue to eat dessert indefinitely and that part of what we needed to do was to pay down the debt. So the first 50 percent there. Then we also recognize that there are some priority programs, especially for young people, for veterans, other sectors of our society that are struggling; and, finally, that some tax relief is needed. We have some inequities in the tax code. Simplification should be done, and these adjustments in the tax code do affect Federal revenue. So we try to strike a balance of that.

One thing that we have noticed is we are joined by the gentleman from Mississippi (Mr. TAYLOR). I know that he has fought long and hard with respect to this challenge of how we responsibly deal with this era of surplus.

Mr. Speaker, I yield to the gentleman from Mississippi (Mr. TAYLOR) to give him a chance to share his views. I know that he is very forceful on this subject.

Mr. TAYLOR of Mississippi. Mr. Speaker, I would hope that one of the thoughts I could leave with the American public tonight is that, yes, Congress did balance the budget last year; but there was a lot of trickery in the budget to achieve that goal.

One of the tricks that I regret the most about that budget that was done in order to balance it was the fact that the troops have traditionally been paid on the last Friday of the month. As the gentleman from North Carolina (Mr. JONES) pointed out earlier, we have a lot of troops who are just getting by.

It is interesting to note that a higher percentage of people in uniform are married than the general public, about 60 percent of them. Many of those young couples have instant families, two, three, four children within a very short period of time. They tend to be the ones who end up on food stamps because they simply are not getting enough in their pay and in their benefits.

So I found it particularly distressing that, in the Republican budget this year, that in order to balance the budget, they delayed the pay raise for the troops from Friday, September 29 to October 1, the following Monday.

Now, for a Congressman who is making very good money, over 130,000 a year, delaying our pay for 2 days really is not a big deal. But when one is an E4 or an E3 and one has three kids, probably several of them in diapers, that means a weekend of somebody digging around in the cushions of the couch and rolling pennies so one can have diapers for the babies and formula for the kids, and that is wrong.

So to run around and, as the gentleman from Texas (Mr. STENHOLM) talked about, give away a trillion dollar tax break when one is playing games just to make ends meet is highly irresponsible.

Something the gentleman from Texas (Mr. STENHOLM) mentioned, and again I do not think it can be said often enough, yes, it is their money. Yes, it is their country. Yes, it is our debt. Almost all of this debt has occurred in our lifetimes. If you are listening to me tonight, most of that debt has occurred in your lifetime. Between 1776 and 1980, our Nation acquired $1 trillion worth of debt.

□ 2000

From 1980 to 1988, the debt doubled, from $1 trillion to $2 trillion. But, sadly, it continues to get worse. From 1988 until now, our Nation is now $5.7 trillion in debt. And just like anyone else who is in debt, not only does it have to be paid off, but it has to be paid off with interest. The biggest shocker for most of the people I encounter is when they find out that the biggest expense of their Nation, the biggest outlay of their tax dollars is interest on that debt; a billion dollars a day.

I come from an area that is very pro military. We have a number of shipyards; we have a number of military bases; a lot of kids enlist. I regularly have moms and dads write me saying why is my son flying around in a 30-year old helicopter? Why is he flying around in a 30-year old transport plane? Why is he traveling on a 30-year old ship? Well, the truth of the matter is for what we are squandering in interest, we could be buying a destroyer a day for the United States Navy. A new destroyer a day.

Instead, because of a lack of money, we are only going to buy three destroyers this year. For what we are squandering in interest, we could buy 10 B–22s a day, or about, geez, 30 new UH–60 Blackhawk helicopters. The list is endless for what we are squandering on interest.

The other thing I really think our citizens need to be aware of is the change in demographics. Because not only do we have to pay off this debt, but the window of opportunity for paying off this debt is rapidly closing. My dad is still living, and my dad was born in the 1920s. Therefore, when my dad was a teenager in the 1930s, when Social Security was just starting, there were 19 working people for every one retiree. Right now, the year 2000, there are three working people for every retiree. If I live to 2030, and I hope I do, there will be only 1.5 working people for every retiree.

So not only has this generation run up an incredible debt, but the number of workers available to pay that debt off is shrinking, and it is shrinking on a daily basis. And it will simply be impossible for that young person who is a page today up here, that young person who is in grammar school, or that young person who is in high school, when they reach their peak income earning years it will be physically impossible for them to pay their house note, take care of their kids and retire our national debt if we do not take those steps right now. That is something I would hope Americans would consider.

Quite frankly, I am distressed when I hear folks tell me, particularly young

folks, I want a strong military, but do not ask me to serve. I want a strong Nation. I want this to be the best Nation on earth. I want the best roads, the best canals, the safest air travel, with the most secure future as far as medicine, the most secure future as far as my retirement but, by the way, I do not want to pay for it.

It is the same thing. We do not get to be the best by taking the easy path. And what troubles me the most about my Republican colleagues when they talk about these tax breaks is that they somehow imagine we can spend all kinds of money and not pay for it; that we can somehow have great health care, a great defense, that we can have great roads and great public safety in the air and on the roads, but that we do not have to pay for it. That is not what life is all about. Life is if we want good things we have to earn them. And if our Nation wants to continue to be the best, we have to earn that as well.

Demographically, we are going to have, as I mentioned, in 2030, an extremely small percentage of Americans who are eligible to serve age-wise in the military services. That is why we need to modernize our military. In the past few weeks, the Joint Chiefs of Staff came before the House Committee on Armed Services and identified $16 billion worth of unfunded requirements for this budget. And that is why I want to commend the gentleman from Minnesota (Mr. MINGE), the gentleman from Texas (Mr. STENHOLM), and the other people who put together the Blue Dog budget, because the Blue Dog budget would increase the Fed's spending this year and for each of the next 5 years $15 billion over the Republican plan.

Better than that, the people who made this Nation great, the greatest generation, the people who got us through World War II, they are reaching that point in their lives where they need some help healthwise, and particularly our veterans. Because, again, I mentioned the travesty of cheating the troops on their pay, but what aggravates me even more is that for 3 of the past 4 years the Republican Congress has flat-lined the VA budget. No increase at all. And only last year, after a group of us got together and said what is more important, taking care of our veterans or tax breaks, did they finally realize that taking care of our veterans was more important.

The Blue Dog budget would increase veterans care by $10 billion more than the Republican budget over the next 5 years and fully pay to fulfill the promise of free lifetime health care for our military retirees. The Republican budget does not do that.

Great nations keep their words. One of the words that we have to keep are those words to our military retirees that they would be given free health care for themselves and their dependents the remainder of their lives if they served their country honorably for 20 years. The Blue Dog budget, which will be on the floor tomorrow, will do that; and I commend all my colleagues for making that possible.

Mr. MINGE. Mr. Speaker, I would like to thank our colleague from Mississippi. He has been an outstanding fighter, one of the most articulate Members of this body, in forcefully addressing this problem of how do we responsibly deal with the surplus.

I would like to next yield to my colleague from Wisconsin (Mr. KIND), who has worked long and hard on this. And I know he has a little levity that he can share with us on how we should assess our Nation's priorities.

Mr. KIND. Mr. Speaker, I thank my good friend from Minnesota for yielding to me, and I commend his work, as well as the gentleman from Texas (Mr. STENHOLM) on the Blue Dog budget. I am not a member of the Blue Dog Coalition, but I have consistently in the past supported Blue Dog budgets when they have been offered as alternatives during these budget resolution debates that we have had, because I feel that when we put these Blue Dog budgets together that they are more in line with where I think the American people are and where our priorities really should exist.

Tomorrow we will have a very important day on a budget resolution. This establishes the blueprint of where the Federal budget is going to be heading throughout the duration of this year and for many years to come. We are in a position now with the strength of our economy, with some projected budget surpluses around the corner in the future, that hopefully will materialize, to do some extraordinarily good things for the future of this great Nation of ours.

I am afraid, however, that when we start the debate tomorrow it will be, as Yogi Berra once said, ''Deja vu all over again;'' that what the majority governing party in this Congress will be offering on the floor tomorrow will be an emphasis on their first and main priority, which is trying to pass the biggest tax cut that they possibly conceivably can do here in this Congress, as they have now over the last couple of years.

Fortunately, we have had a President in the White House who has felt that that has not been the fiscally responsible best approach that we should be taking as a Nation. And yet tomorrow we will be seeing a budget resolution which is very comparable to past years' budget resolutions, ones with a heavy emphasis on large tax cuts.

That is also unfortunate because the district I represent in western Wisconsin, I think, brings a lot of common sense to this debate. They tend to view the Federal budget process similar to their own family finances, and that is that if they start running into some good times in their family, what should be the first obligation is taking care of already existing obligations, and that includes already existing family debt, before they give themselves a vacation or spend whatever excess funds that they might have on a new item for the family.

I think if this Congress were to operate under the same type of principles and values, we would be a lot better off as far as securing economic opportunity and ensuring a very bright and hopeful future for all of our children.

I have two young little boys back home in Wisconsin, Johnny will be 4 in August, Matt will be 2 the end of May. Much of what I do here in Congress in the votes that I cast are done through their eyes and with the hope of a very bright and prosperous future that they have to look forward to. With the advancements of medical science we are seeing today, which is truly mind-boggling, these young kids that are being born today could, in all likelihood, live to see the 22nd century, which is amazing when we think about it. So the decisions that we are making are not just decisions that are going to affect us today and tomorrow and for the next fiscal years but for generations to come.

That is why I think it is so important that we make these decisions and get them right. That is why I feel so strongly that a $1 trillion tax cut that will be proposed tomorrow over the next 10 years, one that is anywhere from $150 billion to $200 billion over the next 5 years, which would virtually spend every nickel, every dime of a projected surplus that, hopefully, will materialize, and there is no guaranty that the surpluses will materialize to that magnitude, with the energy crisis we are in today, with a lot of indications out there where this economy could turn south on us, that if we pass large permanent tax cuts today, they could come back to haunt us tomorrow.

Mr. MINGE. If my colleague would allow me to interrupt for a moment, he referred to the energy costs and tax cuts. I had a very interesting experience just this last week. I visited a small trucking company, and the founder of the trucking company pulled me to one side. He is an older gentleman. And he said, I always want tax cuts. I always want tax relief. We are going to have a bad year or two here with these high fuel costs. But he said I want you to go back to Washington and pay down on the debt.

And I must say that that made a deep impression on me, because he shared his priorities. He said, I vote Republican almost every reelection, but this is what I think is right for the Nation.

Mr. KIND. Well, that is what I am hearing back home as well, from Republicans, from wealthy families. They understand we have existing obligations that really need our attention at this time.

We have a $5.7 trillion national debt. I am glad the gentleman was able to bring those charts tonight highlighting when this debt was accumulated. By and large 85 percent of that $5.7 trillion was accumulated during the 1980s and

1990s, relatively recently. This is a new phenomenon for this Nation. We have never seen a debt burden of this magnitude, except during time of war, such as the Second World War, and it was accumulated recently, with our generation.

If we want to talk about morals and values in Congress and what we do around here, what is more immoral than passing on a huge debt burden on to our children and grandchildren and future generations? That is exactly what we will be doing tomorrow if we pass a budget resolution that places the first and foremost priority on large tax cuts in the future rather than getting serious about debt reduction.

There are a lot of merits to debt reduction, a lot of economic benefits to it. And people do not have to take our word for it tonight, they should just listen to what Chairman Greenspan consistently testifies about when he is before our committees here on Capitol Hill. He has consistently, over the recent years, said that if we do anything with projected budget surpluses, we should first see if they materialize and, if they do, use it for debt reduction, because that will mean less Federal borrowing in the private sector. It will enable the Federal Reserve to lower long-term rates in this county, which is going to make it cheaper for people and businesses, farmers, even students to borrow money for their purposes, and create jobs. Invest in the infrastructure. With lower rates, that is really the key, I think, of this extraordinary growth that we have seen in this Nation.

I brought with me today just a few quotes from Chairman Greenspan based on his previous testimony before Congress. When asked about the wisdom of passing large tax cuts today, his response was, and I quote,

> I'm saying hold off on tax cuts for a while. I'm saying that because the timing is not right.

What he means by that is if we pass a large tax cut now, which will spur consumption in this country, it has the potential of igniting inflation. And with the increase in inflation, or any type of inflationary indicators out there, the first thing the Fed is going to do is really start raising rates up, as they have been trying to do recently by tapping on the brakes. But with a large tax cut that could spur inflation, they will slam their foot on the brakes, and that is going to stop the growth that we have had in the country.

That is why Chairman Greenspan is saying hold off, make sure what we do not do is something that will be inflationary in our economy. He also stated, and I quote,

> Therefore, as I have said previously, my first priority, if I were given such a priority, is to let the surpluses run. To me, currently, the first best is to allow the surpluses to run and the government debt to run down.

Why is this important? Again, no one has to listen to us here tonight, listen to what Chairman Greenspan has had to say, someone that I think has an incredible amount of credibility when it comes to managing the economy in this country. He went on to say,

> It is precisely that imprecision and the uncertainty that is involved which has led me to conclude that we probably would be better off holding off on a tax cut immediately, largely because of the fact that it is apparent that the surpluses are doing a great deal of positive good to the economy in terms of long-term interest rates, in terms of the cost of capital and the ability effectively of the American government to borrow when it has to. Because as we reduce the amount of debt outstanding, the borrowing capacity of the Federal Government rises, which is a very important long-term issue.

☐ 2015

That is why I think we are right now at the crossroads of being able to pursue what is a very fiscally responsible and disciplined course.

As a member of the New Democratic Coalition, that is our first priority is to maintain fiscal discipline and bring fiscal responsibility into the creation of these budgets and in these budget debates. But it is sad that we are having a rehash of previous year budgets that we are going to have tomorrow morning, an emphasis on large debt reduction, less of an emphasis on the need to reduce the national debt, less of an emphasis as far as taking care of our existing obligations, which means shoring up and saving Social Security and Medicare for future generations.

Mr. MINGE. Mr. Speaker, I really appreciate the insights of the gentleman on this. I think it is helpful to those of us in Congress. It certainly, I hope, is helpful to the staff and everyone else that we work with.

It is interesting, there are several groups, my colleague has alluded to one, the New Democratic Coalition, the New Democratic Network. We have the Blue Dog Coalition. So within the Democratic Caucus here, the 205 or 207 Democrats in the House of Representatives, we have subgroups that have a deep commitment to reducing the Nation's debt. The people that are speaking here this evening are drawn from these two subgroups of the Democratic Caucus.

One thing that is also of interest to me is that the gentleman from Wisconsin (Mr. KIND) and I are from the upper Midwest, so we started at the northern end of the country, Minnesota, went down to Texas, went over to Mississippi, now we are up to Wisconsin. And we have got a couple of colleagues here from the east coast and the west coast; and as much as we sometimes think could we not just let those coastal areas go out to sea, we better also get the benefit of their wisdom here.

Mr. KIND. Mr. Speaker, before we conclude with our comments tonight, I again commend the gentleman from Minnesota (Mr. MINGE) for the outstanding leadership that he has provided on this issue. But I do not want people to be under the impression that we do not believe that we can provide some tax relief in these budgets. I think we can as long as we do it in a fiscally responsible and disciplined manner so we do not lock into some long-term commitment that could come back and haunt us and start adding to rather than detracting from the debt.

It is sad tomorrow we are going to have a budget resolution that virtually spends the entire projected surplus that may not even materialize. But what is even sadder is that we have got the Republican candidate for President out there running who is calling for an even larger tax cut plan than what is being proposed in the majority party's budget resolution tomorrow.

I just brought with me today what perhaps is the saddest part of this whole debate, and that is that there is a comic strip in this country that is probably more reflective of where the American people are on our responsibilities and Social Security and Medicare and debt reduction than the governing parties in this Congress.

I do not know how many of my colleagues saw the Doonesbury cartoon that appeared about a week ago or so, but I thought it was very insightful as far as the feedback I am getting from my constituents back in the district.

Just to go through it real quickly, there is a group of men here talking amongst themselves it looks like in a cafe. One guy says, ''Heads up. He's coming this way.'' There is an empty hat that appears that I think is supposed to depict Governor Bush. And one of the other gentlemen says, ''Try not to make eye contact.'' Governor Bush says, ''Hi, fellas. I'm Governor Bush and I am asking for your support. If you vote for me, I will give you a huge tax cut. How is that for a straight deal, huh?''

The gentleman responds, ''Well, I'm not sure. I mean, I can see how the wealthy might get excited. They will be averaging $50,000. But it wouldn't mean much to a guy in my bracket. Besides, I care a lot more about shoring up Social Security and Medicare and paying down our national debt.''

''Yeah, didn't fiscal responsibility used to be a Republican issue,'' another gentleman says. And then the Governor responds, ''But, but, but, you don't understand. I'm offering you something for nothing, free money. Don't you want free money?''

''Sure, but not until we pay our bills.''

''What is the matter with this country,'' Governor Bush says.

''I guess we have grown up a lot as a people. I know I have.''

I thought that comic strip was very insightful of what I think is, by and large, where the American people are on this issue, that if we do have surplus money, let us use it for debt reduction to secure future generations opportunities in the country and let us start taking care of Social Security and Medicare rather than putting ourselves in this box that we have created.

Mr. MINGE. Mr. Speaker, my friend the gentleman from Texas (Mr. STENHOLM) is on his feet, and I yield to the gentleman.

Mr. STENHOLM. Mr. Speaker, I want to use this opportunity since it might appear to everyone listening to us that the Blue Dog budget has no tax relief. We do. We provide for approximately $250 billion in tax cuts over the next 10 years. We provide for a true and honest mitigation of the marriage tax penalty that we have talked about so much on this floor. But we truly attack the marriage tax penalty, not the added on $100 billion.

We expand the earned income tax credit. We facilitate financing of school construction and renovation. We provide for increasing credits and deductions for tuition for postsecondary education. We have foster community development and combat urban sprawl relief.

We reduce the death tax. Remember that one? This is one of which we provide that every small businessman or woman, farmer and rancher, with a $4 million estate would have immediate exemption from all death taxes. In this budget we are talking about, that is possible to do. And many others.

So I do not want anyone to get the misimpression that we are opposed to all tax cuts. Remember the 50/25/25? We are saying any available surpluses, 50 percent should go to pay down the debt; 25 percent should be spent on priorities, of which the gentleman from Mississippi (Mr. TAYLOR) spoke so eloquently about, priority of defense, veterans' and military retirees, which we fully fund, at least the retiree part of it; and then we have 25 percent of the projected surpluses that can and will be and should be used for tax relief. That is in this what we are talking about.

Mr. MINGE. Mr. Speaker, I know that we are joined here this evening by our colleague from North Carolina (Mr. MCINTYRE) and I would like to yield to the gentleman.

Mr. MCINTYRE. Mr. Speaker, each of us are expected to balance our own checkbooks. We all go through that ritual usually at least once a month when we pay our personal and family bills and our business bills back home. So why should we ever expect any less from the Federal Government?

Right now, with our debt being about $5.6 trillion, this is approximately $21,000 for every man, woman, and child in this Nation. That is outrageous. And as my colleague from Mississippi (Mr. TAYLOR) spoke a minute ago when he was talking about the military, and I, too, serve on the Committee on Armed Services, we are spending more on the interest on the national debt than on our entire national defense budget.

Now, when people do say why are we in 30-year-old fighter planes and 40-year-old bombers and 30-year-old ships, we know the answer. Now is the time. Now is that window of opportunity to reverse this terrible trend and to restore financial integrity to our financial Government.

As the gentleman from Wisconsin (Mr. KIND) was saying, we do want to have moral integrity in Government. We also need to have financial integrity. And that is part of what it means to offer the moral type of leadership in this Nation is to be honest with people and to quit running up debt. Because, after all, as we all will too well realize come April 15 next month, it is not the Government's money, anyway; it is the people's money. And this is the people's House. And as stewards of that money, we ought to be paying down debt.

I had a phone-caller the other day on a radio show back home in North Carolina who said, why is the term ''surplus'' even being used? Personally, I think he made a good point. When we look at our budgets, if we owe money, I do not consider myself having a surplus if I owe money. And our Nation owes money. We owe a lot of money when we talk about $21,000 per man, woman, and child.

So, under the Blue Dog budget, we have got a great opportunity now to pay off that debt; and by doing that we are giving the best tax break of all.

We do have some targeted tax cuts, as the gentleman from Texas (Mr. STENHOLM) was saying. But we also get the across-the-board tax cut that everybody will feel who has a credit card or who has a home mortgage or has a car loan. That is most of all of us in America, whatever our socioeconomic status may be or whatever part of the country we may live in by reducing interest rates. Everyone will feel that type of tax cut by having lower interest rates on their credit cards and their home mortgage payments and their car loans.

And by paying down the national debt, that puts us in a position of strength, strength to help us shore up Social Security, strength to help us shore up Medicare, and to allow families who do have debt ahead of them, such as for college education, to be able to better afford that for their children.

Mr. MINGE. Mr. Speaker, if my colleague would allow me to just illustrate the point he has made.

Here is a graphic depiction of the type of interest rate reduction that Chairman Greenspan has said is realistic if we make a substantial reduction in the outstanding Federal debt.

On a home mortgage, we could reasonably expect interest rates to drop by 2 percent if we reduce the public debt by about $2 trillion. On a home with a mortgage monthly payment of $844, that would provide a dividend of $155. That is an annual dividend that would be equal to what most families would expect in any tax cut.

So not only do we reduce the debt, which is a benefit to our children, but we have this dividend, as well. That is exactly what the gentleman is talking about. And this plays out. We can look at the farmer buying a combine. We can look at the college student with his college loans. And that dividend is important. And that is a type of tax cut, if you will, in and of itself.

Mr. MCINTYRE. Mr. Speaker, that is the best of all because everyone benefits from it.

The saying is that the time you fix a leaky roof is while the sun is shining. Well, thank the good Lord the sun is shining on our Nation. Some areas are not prospering as much as others.

My home county and Robison County, North Carolina, and the adjoining county of Columbus County have more than twice the unemployment rate of our State. We are suffering. We need to find a way to help pay down the debt that we can then let people invest in their jobs and have job opportunity for economic growth in the underserved rural areas of our Nation, as well.

This is the time, while the sun is shining, to fix the leaky roof that all Americans can share in the prosperity; and the best way to do that is to pay down the debt that we all, as Americans, owe.

This, indeed, is our golden opportunity. As I said, it is not the Government's money. It is our money. Let us do the responsible thing and let us pay down the debt.

With that, I look forward now to going from coast to coast with the gentlewoman from California (Ms. SANCHEZ), as I know she is getting ready to speak, from North Carolina to California.

Mr. MINGE. Mr. Speaker, like the gentleman has indicated, we are going to the west coast. We have a distinguished member of the Blue Dog Coalition and of the Hispanic Caucus, the gentlewoman from California (Ms. SANCHEZ). Would she please share with us some of the analysis that she brings to bear on this from her perspective in California.

Ms. SANCHEZ. Mr. Speaker, I thank the gentleman from Minnesota (Mr. MINGE) for yielding.

Mr. Speaker, it is really a pleasure, actually, to be a member of the Blue Dogs. I know that there are quite a few people across the United States that have not really found out about our group here in the Congress on the Democratic side. But the reality is that one of the reasons I really enjoy being a part of this group is because I do have a financial background, having a degree in economics and an MBA in finance and having been in the financial industry for 14 years before I got to this Congress.

It is always important to me to apply the financial rules that I know that I use in my daily life or that I would expect somebody coming through the front door and asking for a loan to apply. And first and foremost of that, of course, is, What is your liability situation? What are your assets? What is the income that you are earning or what you think you are going to have as far as money coming in on a monthly or annual basis? And it should not be

any different for what we do here in Congress.

First and foremost, when we have the good times, as my colleague from North Carolina (Mr. MCINTYRE) said, when the sun shines, we need to think about what we do with this extra money that is coming in.

Most families, most businesses, a lot of us pay down the liabilities that we have, we pay down our debt. If we have gotten into tough financial times and we have had to go to the bank or we have had to put a second mortgage on our home, and then if it gets worse, we go and we use the credit cards we get through the mail, sometimes a little too easily these days, but we go and we get the credit where we can get it. And every time, I am sure most families think they are going to get the credit at the least amount and then, as they need more, they get more and more credit at a higher rate.

This is what we did during that 1980's time period. We increased the debt to pay several programs that we had ongoing, without the money coming in to pay for those programs.

Now we are in the reverse. Now we have a good economy. We have a strong economy. But it is not going to last forever. So what do they do when they finally have that good job where they are getting the extra money? First they pay down the credit cards. Then they take the second mortgage off of their home. They pay back their family the money they borrowed. And maybe they keep a little bit of debt. But they certainly do not keep all of that debt, because there will be at some point some sort of a downturn and they have to prepare for that.

Sometimes we forget about that when we are in the good times. We have had 7½ years of really good times in the United States. And I, as a lawmaker, want to see all the people in my district and as many Americans continue that. But things do change, and we all know that.

Today we have a prime example of that. When I was younger and first driving my first car, I remember standing in lines of 50 cars waiting to try to get some gas into my car the last time we had a real oil crisis.

□ 2030

At that time we paid almost anything just as long as we could get that gas in our cars to run it. While we were going through that, we said to ourselves as a Nation, as a people, we said, ''Never again. We're never going to let this happen again to us. We're going to drive more efficient cars. We're going to find alternative fuels.'' As the good times came, we began to forget that. Today, about 15 or 20 years later, here we sit again and guess what? The prices of gas are going up. I sit there and I think to myself, maybe we will have a recurrence of this. So we have to remember things go in cycles. We are in the good part of the cycle. We need to take that money and we need to pay down the debt. The Blue Dog budget does that. It says, ''Let's take care of the first thing first.''

It also says we are not afraid of tax cuts. We realize that we can give tax cuts to people, tax cuts that are important if you are investing in a business, if you are investing in research, let us allow American businesses and people to do that. If you are investing in yourself, if you are investing in your children by getting an education, let us help Americans decide that that is the right thing to do. If we want to invest in our schools and new school construction like we all run around and say, then let us give tax credits so communities will step up to the plate and do what is right and build that new classroom or build that new high school that they need. Our budget allows Americans to do that. It also allows us to work on the programs that need to be worked on, like Social Security and Medicare.

Mr. MINGE. Maybe before the gentlewoman gets into any of the specifics there, we could just give some of the numbers actually on this debt reduction. The Blue Dog proposal which we have been talking about over 5 years would reduce the national debt by $85 billion. Given the size of the debt, that is just a small nibble. But compare that with the bottom line here. The Republican proposal with the tax cuts that they are including, modest actually by comparison to ones that they have proposed over these last few months, and if they are going to do the prescription drug correction that they have promised they are going to do, would leave us about one-tenth of that amount. In the middle is the proposal coming from the Democratic Caucus, which is, as you can see, fiscally more conservative than the Republican proposal. Let us take a 10-year projection. Here we are beginning to see larger sums. Approximately 10 percent of the debt would be paid down, maybe 9 percent under the Blue Dog proposal. Under the Republican proposal actually we would go to more red ink. Again we are assuming the tax cuts that they have been talking about, we are assuming some of the program expansions that they have been proposing. So there is a dramatic difference. I think that we also have to be careful that we are not misled by talk about the so-called public debt and the privately held debt and all of these things. There are proposals to have Social Security trust fund money saved for Social Security and the net effect of that is to reduce the amount of debt that is outstanding in our hands as individuals, the Arabs, foreign investors and so on, but if you wrap it all together, the Social Security trust fund and the debt that is held by those of us as individuals, they in their 10-year plan will not be making a dent in that debt. It is still $20,000 roughly for every man, woman and child that is owed to the Social Security trust fund and is owed to individuals, banks, institutions that hold these Federal bonds.

Ms. SANCHEZ. I would agree with my colleague. I guess I will just end with the old adage. If it sounds too good to be true, then it is probably not true. The Republicans have offered an enormous tax cut. Granted not as enormous as the guy who is running for President that is a Republican, but it is enormous. They have promised to do the prescription drug benefits. They have promised to build defense up. They have promised that education is important to them and they are going to do something about it. Promise after promise after promise. You cannot do it all and get there. They have promised to help make Social Security safe for the next 60 years. You cannot do all of these all at once and offer the type of tax cut that they want to do. But politically, they think that you are going to believe all of that. So the reality is what do we choose to do? Let us bring down the debt. Let us give some tax cuts. Let us invest. And let us reward people for doing that. And let us make sure that our veterans are taken care of, that some schools are built for our children, and that we invest in education for our kids. I think that the Blue Dog budget reflects those priorities.

Mr. MINGE. I would like to thank the gentlewoman from California. I see that we have been joined by another colleague from Texas. We have so many Texans here we cannot keep them all straight. They are a fairly tight, frugal bunch. They have a lot of good advice for us here in our country. I yield to the gentleman from Texas (Mr. HALL).

Mr. HALL of Texas. I thank the gentleman from Minnesota for yielding, and I am honored to be a part.

Mr. Speaker, I like others here rise to support the use of a portion of our surplus to pay down on our national debt. We have got a golden opportunity in front of us. For the first time in 30 years we have a budget surplus. During most of my tenure here, the great budget challenge has been to get control of the deficit. In the last 2 years, the landscape has completely changed. We are now focused on what to do with the surplus. That is a very good feeling. I am thrilled that the term surplus has entered our vocabulary up here. Now comes the hard part. Everyone has an idea as to the best way to use this surplus, tax cuts, new government programs, protecting the solvency of Social Security and Medicare and paying down the national debt.

As a Member of the Blue Dog coalition, I think the gentleman from Texas (Mr. STENHOLM) and the gentleman from Minnesota (Mr. MINGE) are members of that coalition, we have advocated using half of the on-budget surplus for debt reduction, a fourth for shoring up Social Security, Medicare, education and our national infrastructure and the last fourth or parts of it for tax cuts. That can be eased around and changed some, if it takes more for Social Security, Medicare, Medicaid,

infrastructure, national defense, whatever we see that is a necessity, that we can move that fourth from one to the other. But I think what I am hammering hard on is paying at least half of it on the debt. By applying the framework, this framework to the budget, we are told that we can pay off the national debt by the year 2012. It would retire over 30 percent of the debt in 5 years. I think that is just amazing. Many of us can see 5 years down the road. I think this is the most sound way to both plan for the future and reap both short and long-term rewards from the growing surplus. As anyone outside the Beltway knows, when you have some extra money, it is important to pay off your debts. This is a simple idea that many Americans practice whenever they can. We should learn from them and do the same thing here in Washington.

The benefits of paying down the debt are enormous and long lasting. One of the most important is the more we lower the national debt, the less we will have to pay in interest on that debt. As of 5 p.m. this afternoon, this very day, our national debt was approximately $5.75 trillion. During FY 1999 we paid $229 billion, Mr. Speaker, in interest on this debt. To put that number in perspective, during the same year we spent $275.5 billion on national defense. That is only $46 billion more than our interest payment. Our interest payment is estimated to go down to $220 billion in our current budget year because we are paying off a small portion of the debt. It certainly affects it. This is a portion of our Federal budget that we cannot reduce by any other means other than paying down on the national debt. Imagine how we can reduce that number if we really dedicate ourselves to it. This is money that would be available for tax cuts, many of which I support, assistance of senior citizens and other efforts to maintain our economic growth and improve the future for our children and for our grandchildren. Tomorrow, Mr. Speaker, we will vote on a framework for the coming year's budget. As we look at the surpluses from anywhere from $200 billion to $637 billion over the next 5 years, the most responsible thing we can do is dedicate half of it to paying down on the debt.

Mr. MINGE. I would like to thank my colleague from Texas for that comment. I would like to just emphasize for the benefit of all of our colleagues that we have heard from people from the Midwest, from the northern part of the country, we have heard from people from the southern part of the country, from the East Coast, from the West Coast. All areas have spoken out here this evening from within our ranks and said that the first goal has got to be to pay down on this enormous debt that we have, over $20,000 for each man, woman and child. If you hear anyone on the other side of the aisle claim that this is not what is happening, that the publicly held debt is going to be smaller, do not be beguiled by that. What is truly happening is they are hiding behind the Social Security trust fund and they are assuming that we do not have to prepay whatever the Social Security trust fund buys in terms of government bonds. That is just as much debt as any other debt that we have. Ask why is it under the Republican budget that we have to raise the debt ceiling, go up to $5.9 trillion? If we are reducing the debt, we should not be increasing the debt ceiling. I sit on the Committee on the Budget. I am embarrassed that that committee has reported out a proposal, the Republican proposal, which in a time of surpluses requires a higher debt ceiling than we have ever had before in this country. This is fiscal irresponsibility of the greatest order. You can tell from these charts, if what has been promised by the Republicans on the Committee on the Budget is going to occur, the path is towards a larger debt for this country, a greater burden for our children and our grandchildren. This does not make sense. This is fiscal irresponsibility. We have alternative budgets which will be presented tomorrow coming from the Democratic Caucus, from the Blue Dog group. They will respectively propose reducing our Nation's debt in a realistic fashion. It is not just by hiding behind the Social Security trust fund, it is by doing the heavy lifting and denying ourselves some of the dessert that we would like to be able to have and a promise on the eve of an election. I think that political strength and integrity depends upon saying to our constituents, there are certain things that are high national priorities and at the top of the list is dealing responsibly with our Nation's debt and using our surplus to reduce it; secondly, to recognize that tax simplification and tax fairness requires some modest adjustments; and, third, that we have some priority programs. This evening, my colleagues have discussed what these programs are. Veterans, certain defense investments, education, agriculture, health care. These are top priorities that we have as a country. We have to fit it all together. We would like to be able to do all things for all people. I would like to be in a situation where I did not have to pay any tax at all. But we know that we are not going to be able to sustain our country and deal responsibly with the affairs of state unless we address not only priorities but also the debt burden that we are leaving to the next generation.

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REPUBLICAN BUDGET PROPOSAL

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

Mr. CHAMBLISS. Mr. Speaker, it is a real privilege to be here tonight to talk to my colleagues as well as people all across America about what is going to happen in this Chamber tomorrow. This is going to be another in a series of very important budgets to be presented here tomorrow that once again we will have the opportunity in this Chamber to show the American people that we are serious about fiscal responsibility. Because tomorrow we are once again going to have a budget that achieves balance. We are not going to spend more money than we take in.

□ 2045

In fact, we are going to take in more money than we are going to spend.

We have heard a lot of conversation here tonight about a surplus. Well, that surplus means that we have more money on hand than what we are going to spend, but really, when there is a $5.5 trillion debt that this country owes we do not really have a real surplus. We only have a surplus when we finally get to the day when we pay that debt off.

We are going to talk about that tonight and we are going to talk even more about it tomorrow.

I do want to take just a minute to commend my colleagues on the other side of the aisle who for the last hour have been talking about their budget. The Blue Dogs are a group of conservatives on that side who do come forward with a lot of good ideas from time to time. In fact, that group votes with the conservative majority in this House on a number of occasions. The problem is that there are only 20 or 25 or 30 of those folks on that side, somewhere around 10 percent of the total number of people on the Democratic side of the aisle, and they are simply not going to carry the day on that side of the aisle.

If they were, if their philosophy were the philosophy that would be adopted by that side of the aisle, perhaps they would still be in power over here.

The American public saw through this in 1994, sent a new majority to Congress who promised to be fiscally conservative and responsible to the American people and tomorrow we are once again going to be fiscally responsible.

Their budget is not a totally bad budget because it does several things that I like. It does address paying down the debt. It does address providing tax relief to hard-working Americans and at the same time provides an increase in funding for very valuable programs, some of which, again, we are going to talk about tonight.

So I look forward to debating with those folks tomorrow and to having a conversation with them about their ideas and giving us an opportunity to explain why our ideas are better.

Tomorrow is going to be another very important day in the history of the House of Representatives because for the last 6 years we have had a chairman of the House Committee on the Budget, the gentleman from the great State of Ohio (Mr. KASICH).