a Nation, working with the Russian people who are our friends, to build a new Russia, a strong Russia, a Russia with a freely elected president who works closely with our President and a new Duma that works with our Congress, a freely elected Duma, even if it includes Communists.

Remember what I said, Mr. Speaker. How can this administration say that we had to work with Yeltsin because of our fear of the Communists? At least the Communists in Russia were elected in free and fair elections, as much as we did not like it.

I wish I could say the same about the Communists in China, which this administration falls all over on a regular basis. If the Communists are those elected by the Russian people, we have to work with them. It does not mean we have to embrace them. It does not mean we do not want to help the pro-Western forces, the formers like the Apple party, the Yabloko party, the Nash Dom, the People's Power party. We still work with them, but we work with all factions in Russia.

My hope is, as we complete this first half of this session, the focus on Russia becomes a dominant focus. As we approach the presidential elections, this country needs to have a national debate in a constructive way over what happened, why did it happen, where did $20 billion go, what did we get for that investment, and why are the Russian people more negative about America today than they were when they were dominated by a Soviet Communist system?

THE BUDGET OF THE UNITED STATES

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

Mr. STENHOLM. Mr. Speaker, I want to say that the gentleman from Pennsylvania (Mr. WELDON) has had just a fascinating discourse on a subject which is of extreme importance. I want to commend him for the diligence in which he has pursued a subject that is every bit of importance to our country as he has indicated that it is, and he makes a lot of sense and this is one Member that looks forward to working with him in the days ahead in this very important area.

What I have taken this hour for, and I will be joined by several of our Blue Dog colleagues, is to once again talk about perhaps a little more mundane subject, the budget of the United States and the policies, or lack thereof. A lot of what the gentleman from Pennsylvania (Mr. WELDON) has talked about some of the shortcomings of the Congress and the administration in dealing with Russia, I think, can also be said of this body in dealing with the budget.

Today, I guess we had a little ceremony in which we have now sent the tax cut down to the President, which he will veto, as he should. One of the policy objectives that the Blue Dogs have suggested all year long is let us be conservative with our actions now as we enjoy the newness of dealing with surpluses.

We are for cutting taxes. Let no one be mistaken about that, but the Blue Dogs have suggested all along that there is a good way and a bad way to get to tax cutting. The bad way, we believe, is what the House and Senate concurring have said to the President, of having a tax cut with projected surpluses that may or may not materialize.

What the Blue Dogs have said, quite clearly, all year long, let us deal with Social Security and Medicare first. Let us have an open and honest debate on the floor of the House, with the best ideas winning, as to how we fix Social Security for the future, because everyone now knows and admits quite publicly that the future of Social Security is bleak unless we, this Congress, make some tough decisions and very, very soon.

We ducked on that one, and I must say that our President ducked on that one, which was unfortunate. Just because the President ducks is no sign that we in the Congress should duck. Here, at least some of us, the gentleman from Arizona (Mr. KOLBE) and I, and we have been joined by colleagues on both sides of the aisle now, a few, proposing a Social Security fix.

That is not what I am here to talk about tonight. What I am talking about tonight is the rhetoric that we continue to hear about why we need to have a big tax cut first before we deal with Social Security, before we deal with Medicare, before we deal with Medicaid, before we deal with these very important subjects.

These are projected surpluses and one of the dangers that some of us see, particularly the Blue Dog Democrats, and I suspect there are some on both sides of the aisle that see the same danger, spending a projected surplus before it is real can get very dangerous; just like in families. If they have built up a debt on their credit card or personal debt to where it is becoming difficult to pay the interest on that debt and suddenly come into some money, most families will pay down their debt first before they go out and reward themselves with a new car or reward themselves with new options.

That is not what the Congress has voted to do. That is not the issue today.

To those that say well, we are only returning your money to you, that is true but they conveniently overlook one fact. Not only is it your taxes that we talk about and every dime that we spend is your money, but also your debt of $5.6 trillion that we have built up, $4 trillion of it basically in the last 10 years, 15, it is your debt.

The Blue Dogs suggest that now is the time to be a little bit conservative with our children's and grandchildren's future. Instead of once again rewarding us, as this tax cut would do over the next 10 years, we say use this opportunity to pay down the debt so that our children and grandchildren will not have as much debt to pay and as much taxes to pay in order to pay the interest on that debt.

We think that makes a lot of sense. Unfortunately, we have not been able to convince a majority of the House and the Senate concurring that it does make sense, and we understand and we play by those rules and we also very strongly played by the rule that said if one is going to be critical of the other guy's proposal they better have something that they are for. The people back home in the 17th district that I represent, that is what they demand of me.

As we have discussed and asked the question over and over, what do you want to do with this surplus, most people openly and honestly say, pay down the debt.

I do not know why different Members get different answers to this question, except sometimes we ask it differently. If I ask the question, do you want to have a tax cut or do you want us to spend the money, you say tax cut. That would be my answer.

Then we get into another little problem because we have had a whole lot of rhetoric around this body over the last several weeks now, and we are still playing this giant game of chicken of who is going to blink first on the caps, who is going to be the first one to admit that already this year we are spending the Social Security trust fund?

Now, we have tried to outdo each other as to who has the best lockbox, who is going to do the best job of not touching Social Security trust funds next year. Well, I would say to my colleagues, let me share a little secret. We have already done it. This Congress has already dipped into the Social Security trust fund. No matter how we want to score it, it has already happened; little things like declaring the census an emergency, $4 billion; conveniently using OMB scoring when it suits our purpose of being able to score spending $16 billion cheaper.

I used to work with my friends on the other side of the aisle quite regularly on this argument when we finally got around to saying our scorekeeper is the Congressional Budget Office. The White House has the Office of Management and Budget. We have the Congressional Budget Office. It is bipartisan. It is our scorekeeper. Let us quit fussing about whose numbers and whose projections we are going to use. Let us agree on the Congressional Budget Office.

Every once in awhile we would say, where there is differences why do they not just add up the two and divide by two and take an average and that becomes something that we can use that is consistent.

Well, by conveniently thus far using $16 billion of OMB scoring, it allows us to spend money. Well, this might help us on the budget caps debate, but it does not change the bottom line when we finish the year.

Any spending for any purpose, whether it is an agricultural emergency, which we have, whether it is the health care emergency that we have in rural America, whether it is the short-changing of home health care, which we are doing under current law, unless we change it, all of these spending decisions are going to be real dollars. So somehow, some way I hope that we can find a way to accept what the gentleman from Texas (Mr. TURNER) and I and, if the gentleman from Texas (Mr. SANDLIN) does not get over here I have a statement that I want to put in for him, and if some of our colleagues who are perhaps here and are going to be joining us soon, we the Blue Dogs are both extending our hand to both the leadership of the House and to the President of saying take another look of what we propose and how we propose it and if they do not like what we are talking about, perhaps there is some compromises that can be reached.

One thing we feel very strongly about, that we should not spend projected surpluses for any purpose until they materialize. If they do and we pay down the debt, to me and to us, the best tax cut we can give all of the American people is to reduce the debt sufficiently that the Federal Reserve is convinced that we will maintain fiscal responsibility in our spending habits and instead of increasing interest rates over the next several months, as they have done twice in the last month, month and a half, if we can bring interest rates down we know that a 1 percent reduction in the interest rate that affects student loans, credit card bills, home mortgages, car auto loans, all of the things that all of working America use every day, it is estimated at $200 billion to $250 billion a year.

Why is that so difficult for our colleagues who continue to believe that the best tax cut is the one that they send to the President of which he is going to veto? I do not understand. We do not understand that.

To those that suggest spending, let me make this suggestion, and this is a Blue Dog suggestion. This has been in our budget proposal all year. Let us all acknowledge the fact that spending caps have worked. We, the last two, three, four Congresses, have done a fairly responsible job in reducing discretionary spending. In fact, we went a little too far in the area of defense and we are now having to put some of it back because this is no longer a safe world, and we heard the gentleman from Pennsylvania (Mr. WELDON) talking about a little different component of that.

The caps have worked. But why is it so difficult to admit that perhaps what we did in 1997, in which most people acknowledged then that it was going to be difficult to make those cuts because we back end loaded it, what does that mean in plain English?

□ 1815

It said, Congress, in 1997, chose not to make the tough decisions, we punted it to the 1999 Congress. That is why we are having such a difficult time.

Why do we not go back and do it the way we used to do it around here, 2 years ago, 3 years ago, 5 years ago, 10 years ago. Why do we not go back and have a new set of budget caps on appropriation bills that are set and will be agreed to by a majority on both sides of the aisle of what the new spending restraints ought to look like. As I answered a businessman's question earlier today in another meeting I was in, he said when in 1997 when the Congress did what you did, the markets reacted favorably, because they believed that you were going to get a fiscally responsible Congress for a change and markets react to that, and I said there is no reason why we cannot do that again. We can do the same thing again. We can have a new set of caps that we live with that will get us on track. Why is it so difficult for us to do?

Let me pause right now and recognize one of my colleagues, the gentleman from Texas (Mr. TURNER) for any comments that he might like to add at this time.

Mr. TURNER. Mr. Speaker, I thank the gentleman for yielding. I want to compliment the gentleman on his strong leadership that he has given to us in this Congress on fiscal issues. He has always stood for fiscal conservatism, and I think the issues that we are talking about today we need to have a full debate and discussion on them.

I had the opportunity over the last few weeks during our August recess to stop in 70 communities in my east Texas district, and I did a little coffee shop tour and I went around and visited with folks in those coffee shops where we all know they solve a lot of problems early in the morning. And I just talked to them about this tax reduction proposal that had just passed in the Congress, I talked to them a little bit about the national debt, and it was indeed refreshing to me to see how well the people of my district understand what is really going on here in Washington. A lot of folks up here have talked about a surplus, and we all know the truth of the matter is the surplus that is being talked about is merely a projection of what might happen over the next 10 years. In truth and fact, it is based on some assumptions that may not even turn out to be true. We really may never have a surplus.

In fact, I will not forget what one gentleman told me down in Willis, Texas at the first stop that I made at the Willis City Hall, and he said to me, after I began to talk about the surplus and the national debt, he raised his hand and he said, Congressman, he says, you all do not have any surplus in Washington, you have a $5 trillion national debt. You cannot have a surplus if you owe $5 trillion. And that makes a lot of sense.

It is hard to understand how, after the Federal Government spent more money every year for 30 years, ran up a $5.5 trillion national debt that we would come up here in this hallowed hall and declare we have a surplus, particularly when the surplus is only an estimate. It is not here yet; we have not seen it yet; it may never show up. And yet, the majority in this Congress saw fit to pass a $792 billion tax reduction over 10 years that absorbed all of the anticipated, hoped for, not here yet surplus in the general fund of the Federal budget.

Now, that was just irresponsible. The people of this country understand that it was irresponsible, and they understand that if one is fiscally conservative, one pays their debts. And now that we have a hope of better economic times in the Federal budget, what we ought to be doing is paying down that $5.5 trillion national debt.

The Blue Dog Democrats made a proposal on the floor of this House just before the recess when we were debating that $792 billion tax cut. We had an alternative that we voted for. In fact, most of the Democrats in this House voted for it. That was a very simple plan. It said, if we do have a surplus over the next 10 years, what we ought to do is dedicate half of it to paying down that national debt, and we ought to set aside 25 percent of it to be sure that we save Social Security and Medicare, both of which, by the way, are going into bankruptcy. After all, 30 years from now, they tell us there are going to be twice as many people over 65 in this country as we have today. And the projections have been before this Congress for months, for years, that Social Security and Medicare will be insolvent.

Mr. Speaker, we have been real lucky with Social Security for a long time. We put more money in the trust fund every year in payroll taxes than we took out in benefits. But to tell us that in 15 years when most of us baby boomers begin to retire, that is going to change. We are going to be paying out more money in benefits every year than we take in.

One of the reasons that we feel so strongly about paying down the national debt is that it will allow us to pay back that debt that we owe the Social Security Trust Fund, because somebody some years ago in this Congress decided it was a smart thing to do to use the surplus in the Social Security Trust Fund to run the rest of the government that was running in a deficit instead of borrowing it from the public. So it borrowed from Social Security. We are going to need that money in the Social Security Trust Fund real soon. It is time to start paying back that debt, and we can do that, by paying down the national debt, because $800 billion of that $5.5 trillion

national debt is owed to the Social Security Trust Fund, and we need to pay it back.

We also think that it is important to dedicate 25 percent of any future surplus to save Social Security, to save Medicare, and the final 25 percent should be dedicated to reducing the taxes of the American people. That is a balanced plan; that is a plan that preserves the economic security of this country; it preserves the retirement security of all of us; it preserves our health care security. It is the right thing to do for America. It is not an irresponsible plan that would give away in a tax reduction plan all of a surplus that is not even here yet.

Now, there were some on the floor of this House that argued in favor of that tax cut and they said well, we cannot trust this Congress, because if they get a surplus, they are going to spend it. Well, that is pretty cynical, particularly when coming from folks that currently are in the majority. We have enough sense in this body, collectively, to save the surplus, to pay down the debt, to save Social Security, to save Medicare. We have that ability. We just need to sit down at the table together, work together in a bipartisan way and do the right thing.

The President is right to veto this $792 billion tax cut. It is the wrong thing to do for America, and if we pay down the debt, we can actually do more for working families than anything in this $792 billion tax cut. In fact, if we look at the tax cut closely, what we will find is that there is really no tax cut next year. The tax cut follows the anticipated surplus which, as I said, may never show up. But next year, under that tax plan, only six-tenths of 1 percent of the total tax cut would be realized, and most families would not even get anything. In fact, an average family making $50,000 a year would not see any significant tax reduction until the tenth year when they would see $300 in tax reductions.

Now, we can do more for working families in this country simply by paying down the national debt, because the economists tell us that paying down the national debt will reduce interest rates for all of us, and a mere 2 percent reduction in interest rates for a family that is paying off a $50,000 home mortgage would save that family over $800 in interest costs, almost three times what they would get out of this irresponsible tax cut in the tenth year of the plan.

So, Mr. Speaker, let us do the right thing. Let us lay it on the table. Let us be honest with the American people. They already understand that there is no surplus in Washington, and they understand that we need to pay down the national debt. That is the right thing to do.

I appreciate the gentleman from Texas (Mr. STENHOLM), and the leadership he has given, and the gentleman from Arkansas (Mr. BERRY), who has also worked very hard on this issue, and I think if we persist in our efforts, ultimately, both sides of the aisle will see the wisdom of doing the right thing.

Mr. STENHOLM. Mr. Speaker, I thank my friend for making those comments. Let me fill in a couple of blanks, or supply a little bit more information on Social Security before I recognize the gentleman from Arkansas (Mr. BERRY).

When we are talking about Social Security, I think it is important that everybody understands why some of us are as concerned about the tax cut. For example, a lot of folks have really questioned me quite personally when I have said on this floor, as I am about to say now, this tax cut that is going to the President is the most fiscally irresponsible bill to come before this Congress in the 20 years that I have been here. And I say that for one reason and one reason only, and that is, when we look at the effect of the proposed tax cut, at least the one that was talked about, not the one that was conferenced, because it is interesting, when we sunset a tax bill in 8 years, that one is interesting. But the effect of a tax cut literally explodes by about $4.5 trillion in the second 10 years.

Now, my colleague talked about the baby boom and the Social Security Trust Fund and it being exhausted, and the year is 2034. That is when the Social Security Trust Fund under current projections will be exhausted provided we do not do anything. Well, it is our hope and expectation that we will do something, and therefore, when we talk about this, there is no reason for anyone 65 years of age and older, in fact, 55 years of age and older to worry about that. That is a given.

But in 2014, that is only 14 years from now, that is when we will begin paying out more out of the Social Security Trust Fund than will be paid in. That is when the problem becomes a reality. It will take $7.4 trillion of money from somewhere between 2014 and 2034 in order just to meet the current obligations of the Social Security Trust Fund. And the Blue Dogs have said, why do we want to do that? Why would the Congress, for any reason, want to increase the liabilities on the ability of the Federal Treasury to make the commitments that we promise everyone on Social Security, why would we want to reduce the amount of revenue available to pay off those commitments at exactly the same time that the baby boomers are going to be retiring at the top of their numbers.

I do not understand that. I have never understood why the leadership of the House this year did not choose to fix Social Security first, but they did not, we did not. And therefore, we find ourselves in a position of having a bill go down to the President which he will veto, which he should veto; it is in the best interests of our country that he veto it. Then, it will be in the best interests of our country that we now begin to look at putting together the kind of a compromise piece of legislation that will fix Social Security, fix Medicare, deal with rural health problems, and I hope that my colleague, the gentleman from Arkansas (Mr. BERRY), since he has been the coordinator and the chairman in the Blue Dog effort dealing with health care might have a few comments about that, and I would recognize him at this time, the gentleman from Arkansas (Mr. BERRY), for any comments that he might like to add to this discussion.

□ 1830

Mr. BERRY. Mr. Speaker, I want to thank my distinguished colleague, the gentleman from Texas, for his great leadership on this matter. I do not know of any Member of this House that has worked harder or been more dedicated to the cause of seeing that this Nation is fiscally responsible than the gentleman from Texas (Mr. STENHOLM).

I also want to thank my other distinguished colleague, the gentleman from Texas (Mr. TURNER), for his efforts here this evening, and also all the time he has been in the House.

We are a great Nation. We have been unbelievably successful. The reason that we have been successful is because we have made good decisions over the years. We cannot be this successful without making good decisions. It is absolutely amazing to me that we are even having this discussion.

We all know, and as my colleague, the gentleman from Texas (Mr. TURNER) just talked about, as we were in the district over the August recess, we would go from one spot to the next and meet with people, and they are not up here dealing with this every day like we are, but they do not have to be. They know that this is a bad idea. They know that this tax cut, they know this surplus, is a fantasy. They know that the surplus does not exist. They know that if we do this tax cut, we are going to put ourselves in worse shape than we are already in.

They also understand very well what it takes for us to be successful. Certainly, the best thing that we could possibly do for our children and grandchildren, and those that come after us, would be to pay this debt off. Certainly we should not spend any surplus until it is there, and then we should pay the debt off and take care of social security and Medicare.

Mr. Speaker, my colleague, the gentleman from Texas, mentioned health care a few minutes ago. We have got a commitment to our senior citizens in this country that we made a long time ago, and it is the right thing to do, that we are going to provide them with health care in their senior years. That is a commitment that we cannot and should not walk away from. We should use the monies, while we have the opportunity, to take care of social security, to take care of Medicare, and be sure they are there for all of us for years to come. It is just unbelievable to me that we would talk about doing anything else.

Then we should pay this debt off, use any major portion of an accumulated surplus in these times of prosperity to increase the national savings by improving the financial integrity of the Federal Government. Reducing the national debt is the best long-term strategy for the U.S. economy.

Reducing our national debt will provide a tax cut for millions of Americans because it will restrain interest rates, saving them money on mortgages, new mortgages, auto loans, credit card payments. Each percentage point increase in interest rates would mean an extra $200 to $250 billion in mortgage costs to Americans.

Reducing the national debt will protect future generations from increasing tax burdens. Currently more than 25 percent of individual income taxes go to pay the interest on our national debt. Every dollar of lower debt saves more than $1 for future generations, a savings that can be used for tax cuts or for covering the baby boomers' retirement without tax increases.

Federal Reserve Board Chairman Alan Greenspan has repeatedly advised the Congress that the most important action we could take to maintain a strong and growing economy is to pay down the national debt. Earlier this year, Chairman Greenspan testified before the Committee on Ways and Means that debt reduction is a much better use of surplus than tax cuts.

He said,

> The advantages that I perceive that would accrue to this economy from a significant decline in the outstanding debt to the public in its virtuous cycle on the total budget process is a value which I think far exceeds anything we could do with the money.

Virtually all mainstream economists agree that using the surplus to reduce the debt will benefit the economy and stimulate economic growth by increasing national savings and boosting domestic investment. Increasing national savings is vital to achieving the productivity growth that will be necessary to compensate for the reductions in the labor force in the next century.

All of this is very simple. It is not complicated. We are making it complicated to achieve political goals that will not last, and will cause us tremendous problems in the future.

Again, I want to thank my colleagues from Texas for their leadership in this matter. Certainly the gentleman from Texas (Mr. STENHOLM), as I said, has been a granite rock in this fight to see that we are fiscally disciplined. Again, I want to thank him for his leadership in this area, and challenge all of us to make good decisions to see that this country continues to be successful for the many, many years to come, and certainly for our children and grandchildren and those who come after us.

Mr. STENHOLM. Mr. Speaker, I thank the gentleman for his comments and his leadership within the Blue Dog Coalition, trying to do that which we talk about today. We get accused of a lot of things in Congress. Some of it we deserve, some of it we do not deserve. But one thing that has kind of bugged us is the lack of serious attention to policy.

We spent about 4 hours today in the Committee on Agriculture dealing with agricultural problems, of which we have been a little derelict in dealing with our policy decisions. Decisions were made that have not quite worked out. When we make a decision that does not quite work out, what we do is change it. We have a budget of about $1,700,000,000,000, every dollar of which benefits somebody. It is important to somebody. It is our decision or our responsibility to decide which is the most important, and to be as frugal as we possibly can with our taxpayer dollars. That does not mean that we ignore real problems. When they are there, we deal with them.

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

Mr. TURNER. Mr. Speaker, the gentleman from Arkansas (Mr. BERRY) and I have been in this Congress, in this House, a little over 2 years now, and the gentleman has been here over 20 years. I would be interested in the gentleman's observations about the impact of our budget situation on Medicare, Medicaid, particularly in light of the fact that so many of us have begun to hear from the health care providers, the hospitals in our district, that they are increasingly feeling the pinch of reductions in reimbursement rates under Medicare.

In fact, in Texas they estimate that there may be as many as 50 hospitals closed if we in the Congress fail to provide some additional funds for Medicare. We all know in this projected budget surplus, the assumption is that there will not be any increase in Medicare. In fact, it goes down under the Balanced Budget Act of 1997, and thereafter remains below the increase that would be necessary just to keep up with inflation.

I think a lot of our health care providers understand that, and they are warning us that unless we are going to be willing to act responsibly with regard to funding Medicare and Medicaid, that we may lose some of our hospitals. For those of us in rural areas of the country, to lose a hospital would virtually close down our communities.

Mr. STENHOLM. This is one subject, Mr. Speaker, that the gentleman in the Chair now, the gentleman from Louisiana (Mr. COOKSEY), if the rules would permit him to participate in the debate at this time, I believe we would have a four-way discussion of some of the needed changes as it pertains to Medicare.

The gentleman brings up a very good and valid point. The balanced budget agreement of 1997 was a good agreement. I supported it, and everyone who was here supported it, if Members claimed to be fiscally responsible, fiscally conservative.

Do I regret supporting it? No. That was the proper thing to do. There were compromises reached dealing with Medicare and Medicaid and other spending that needed to be done, and it was judged by the best judge of our actions, the market, to be responsible, because the market reacted favorably to what we did.

Unfortunately, there were some unintended consequences. Some of the proposals that were made and the changes in the delivery of health care have had unintended consequences. When we have unintended consequences, reasonably intelligent people make decisions to change that which we did not intend.

We have a unique situation today in which, because we have always done it this way, we reimburse some hospitals more than others. If you happen to be in a major metropolitan area, you can get reimbursed 30 percent or 40 percent more for doing the same thing than in that rural small town hospital.

We hear this, and a lot of times our constituents raise the flag of concern, and we react to them. Sometimes they are crying wolf when they ought not to be, or they are making it out worse than it really is.

But in this case, I do not think there is anyone out there today that suggests that the rural health care concerns are not very real. I always ask, whatever subject we are talking about, when somebody says they have a problem with the government and I am involved, I ask them to prove it to me, show me, give me some hard numbers.

I will not mention names, but I will use this example. There are two hospitals, one in my district, one I used to represent just outside my district, two hospitals 20 miles apart. One is in the Dallas-Fort Worth metropolitan area. The other is just outside. They brought me the hard evidence. The one in the rural area received $900,000 less last year for doing the exact same services, apples to apples. The only difference is the reimbursement area.

Mr. Speaker, I would hope that most folks, both at HCFA, health and human services, and we in the Congress in the relevant committees, would say, as we say privately, it seems, those with the responsibility, say, yes, that is wrong. It needs to be changed.

Here it is, September 15. I met with about 20 of my 24 hospitals when I was home during the August break, all of them with an urgency of the fact they are running in the red and they are having a difficult time, saying, when are you going to make some of these changes?

I hope next week. I hope we will truly bring this to the floor, to the relevant committees, deal with it in a responsible way. But that is the thing that gets overlooked from time to time here. We made a decision with the balanced budget agreement, but that is not written in stone, particularly if it is having unintended consequences and is not working as was intended.

I do not think any reasonable people, and I would like to believe that our

colleagues, those who are in urban areas that are not having this problem of payment reimbursement for Medicare and Medicaid, I would wish they would not be adverse to taking a few cuts. We have taken them. But if not there, the least we can do is raise the reimbursement level to the doctors and nurses and hospitals in rural areas up to a level that will meet their expenses.

That is something that I guess we have always seen, and perhaps in my 20 years, but not too long ago we recognized that health care was spiralling out of control. We all acknowledged that we have to do something about that, and we have, in a bipartisan way. Not everything we have done has been bad. But sometimes you have unintended consequences.

Another one we have had now is dealing with home health care. We made some decisions on numbers that have had a very adverse effect on home health care delivery in rural areas. I would hope that we could change that, too.

Mr. TURNER. If the gentleman will continue to yield, Mr. Speaker, one of the other things that comes to my mind as a member of the Committee on Armed Services is the fact that all this projection about a surplus does not take into account the very serious and legitimate needs that we have for funding national defense.

I was a cosponsor of the legislation that we passed overwhelmingly in this House, and that has moved through the Senate and is now signed by the Senate, to create a national missile defense system for the United States to protect us against the growing threat of ballistic missile attack from nations like Iran, Iraq, North Korea.

Yet, there is absolutely nothing in that estimate of a surplus that would allow any funds to be spent to develop a national missile defense system.

I know the gentleman from Arkansas (Mr. BERRY) is very familiar with the problems being faced by agriculture, the problems of emergency expenditures. I know the gentleman certainly would be able to enlighten us some on the pressures on agriculture and the emergency spending that invariably we have to deal with that again is not accounted for in that estimate of surplus.

Mr. BERRY. That is absolutely right, Mr. Chairman, if the gentleman will continue to yield. We not only have emergency spending we are going to have to do for agriculture this year to keep it in business.

As my colleague, the gentleman from Texas, also just mentioned, these terrible shortfalls that we have in rural hospitals and all rural health care providers, home health care, all these things are creating a desperate situation in rural America.

We also had this shortfall in the way we pay the men and women that fight for this country and serve in our Armed Forces.

□ 1845

It is absolutely unconscionable that we would put them in a situation where they are putting their lives on the line every day, and, at the same time, they have to worry about whether or not their families back home are being taken care of. They know that their families are living below the poverty level, and we should not, a great Nation that we are, ask our men and women in uniform to make a sacrifice like that at the same time we are asking them to protect us.

All of these things just do not make any sense, and we know that we are going to eventually have to deal with them, and we should make allowances for that in how we spend our money and allocate our monies in this country.

Mr. STENHOLM. Mr. Speaker, the light of this conversation now between the three of us, if we were conducting a town hall meeting in the 17th District of Texas, someone would be just itching to stand up and say, ''Yep, there you go. You are already talking about spending. That is why we need the tax cut so you will not spend it.'' To which my response is pretty simple: ''If you do not believe that necessary spending on defense is a prudent expenditure of your dollars, you are right.''

But last time I checked, one of the most important responsibilities that this Congress has is to maintain the national defense because, without a strong America, all of these other arguments will pale.

Mr. TURNER. Mr. Speaker, I know the gentleman from Texas and the gentleman from Arkansas (Mr. BERRY) have heard from our veterans. At many of our town meetings, I have heard veterans come and talk to me about the problems they have experienced in getting veterans care because of some of the reductions that have already been put in place.

Mr. STENHOLM. Mr. Speaker, what I say to that constituent of mine, okay, what we are saying in the Blue Dog budget, we are prepared to make the tough decisions and squeeze the budgets. We will work with our colleagues on both sides of the aisle to get the most fiscally responsible budget that we can possibly get. We submit that we have got one, and it has been proposed. I am sure that now that we are through this little exercise of the tax cut to the exclusion of everything else that we will get serious about this, and my colleagues will find that they will not find a more fiscally responsible budget that can get 218 votes than the one that we proposed 6 months ago.

Mr. TURNER. Mr. Speaker, I am very confident that, if we can bring both sides of this House together and get them down to the table, that we could come up with a plan that would look very much like the plan that the Blue Dog Democrats proposed months ago, which was, as the gentleman says, a balanced budget and one that took care of the legitimate needs that we face in this country.

One of the interesting subjects that I have heard the gentleman address before that I want to ask him about is the impact of a $794 billion tax cut that the President is going to veto here in just a few days. What that would do, not just on the short term, but the next 10 years, which is what we have been talking about, but what would happen in the out years if we were to take such an action as reducing taxes by that much when we do not even have a surplus to do it from.

Mr. STENHOLM. Mr. Speaker, that was the thing I was talking about a moment ago, which is why I call this the most fiscally irresponsible action because it is back-end loaded. We have had a little flury. I am not sure everybody in the country has seen this, but we had some folks in the other body suggest the way to get through this cap business is to increase by 1 month the number of months in a year. Apparently, they did it with a straight face.

Now, back home, folks would be laughing about that. But I thought for a moment that, well, maybe that is a good way to see how serious the Y2K problem is if we could just postpone it for 30 days. We can see what is going to happen in there. But that is what some folks have seriously talked about doing. Well, that is not a good way to do business.

The debt, $5.6 trillion, that is what we owe. We owe. The tax cut, $792 billion is projected, but they back-end loaded it. Instead of front-end loading, instead of moving spending, some are suggesting now let us spend it in the next 2 weeks because then it will not count against the caps next year. They conveniently overlook that spending is spending, and that is still going to come out of Social Security Trust Fund. Make no mistake about it. One cannot disguise the real numbers no matter how we debate it on the floor of the House.

But that tax cut literally explodes by $4.5 trillion from 2011 to 2020 in its effect on the drain of the Treasury which some people honestly want to do. They believe that is good policy. We tried that in the 1980s, and we participated. We were going to squeeze the revenue and balance the budget, and we borrowed $4 trillion trying out that little experiment. I do not want to do that.

Now, I am not going to be around the Congress in 2014, but I do not want the actions that we take or do not take this year to put that burden on the 2014 Congress.

The gentleman from Texas (Mr. TURNER) is young enough, he is probably going to be here. The gentleman from Arkansas (Mr. BERRY) is young enough, he is probably going to be here. But I am not going to be in the Congress in 2014, I do not believe for a moment. Why would we do that? That is why we have taken as strong a position as we have on the Social Security question, which is separate, but very important.

We are not quite there yet as far as getting a solution, but I have resolved that Cindy and I, my wife, and I have two grandchildren, Chase and Cole, 4 years old and 2 years old, and I resolved when they were born, my being in Congress, that I did not want them to look back 65 years from today and say, if only my granddad would have done what in his heart he knew he should have done when he was in the Congress, we would not be in the mess we are in today. That is the spirit in which we participate today.

That is why I have enjoyed my association with all of my Blue Dogs, the two that have joined us today, and all, in the policy discussions that lead us to be able to come to the floor and to say these things and not apologize to anybody.

We sincerely believe that paying down the national debt is the best thing that this Congress ought to do, with no exceptions. Then we believe that we ought to deal with the five priority areas that we outlined, and we have already talked about them: defense, agriculture, health care, education, and veterans.

In some of those instances, we are prepared to say we need to spend some additional dollars in the short term to make the investment so that our country will meet those obligations. But we do it within the spirit of all of the Social Security Trust Funds going against the debt, paying down the debt, half of any projected surpluses being set aside, and then meeting those priorities, including a tax cut with the other 50 percent of that debt. That is what we are here to talk about today.

Mr. Speaker, I yield for any additional comments. We have got a few more minutes. If we are through, I am always a great believer, once one has said everything that needs to be said, nothing else needs to be said, and we will let these folks go home.

Mr. TURNER. Mr. Speaker, I want to say that the gentleman from Arkansas (Mr. BERRY) and I appreciate the compliment about our age. I am not sure we deserve it. But it has been a pleasure to join the gentleman from Texas (Mr. STENHOLM) and the gentleman from Arkansas (Mr. BERRY) in this dialogue this evening.

Mr. BERRY. It certainly has, Mr. Speaker. I think that the point that the gentleman from Texas (Mr. STENHOLM) made about our grandchildren, grandparents love to talk about their grandchildren, but I think that the point that the gentleman makes, that I do not want to have to face my grandchildren 20 years from now and look them in the eye and let them ask me, ''Why did you not do something when you had the chance?''

I think we all know what we need to do, and it is a matter of having the political will and the courage to do the right thing and see that we do not leave our children and grandchildren with this huge debt to pay off. I think that is the responsibility that we have.

We also have an obligation to the five areas that the gentleman just mentioned to see that they get taken care of, too. But, again, it has been a pleasure for me to join my colleagues this evening. I thank both of my colleagues for their leadership in this area.

Mr. STENHOLM. Mr. Speaker, lest anyone misunderstand, the main point that we have made regarding the tax cut, we totally acknowledge all taxes belong to the taxpayer. We acknowledge that. I have no difficulty with those that say, if there is a surplus, we are going to return it to you because you can better make the decision of how to spend it, unless we are talking about national defense, and I would question that statement.

But what we add to this, that simple statement is, also, it is your debt. The $5.6 trillion is current taxpayer debt of which you, if you are in your 30s, 40s, 50s, or 60s, you have enjoyed the fruits of the spending of this $5.6 trillion. Why not take some of your dollars to pay down that debt. The choice is to increase the debt and to pass it on to your children and grandchildren.

The Blue Dogs say that is wrong. We encourage the President to do that which he is going to do, that is veto the tax bill. Then we hope that we can settle down and deal in a responsible way with the budget that does what we have talked about today.

Mr. SANDLIN. Mr. Speaker, the American people have spoken. They do not want Republicans to jeopardize this country's economic growth by forcing through an irresponsible, reckless tax cut and ignoring the growing national debt.

I am a strong advocate of a sound budget and fiscally responsible tax cuts, but the best tax cut we can give the American people is a promise we will first pay down the national debt by setting aside some of the true surplus—the non-Social Security surplus.

Our first priority in a budget discussion should be debt reduction. However, the Republicans have chosen to ignore this fiscal necessity and make promises they can't fulfill. Our primary goal should be to maintain the strong and growing economy that has benefited millions of Americans. Using that simple objective as our guide, it is clear that the best course of action this body could take is to use any budget surpluses to start paying off the $5.6 trillion national debt. Reducing the national debt is clearly the best long-term strategy for the U.S. economy.

Economists from across the political spectrum agree that using the surplus to reduce the debt will stimulate economic growth by increasing national savings and boosting domestic investment. Paying down our debt will reduce the tremendous drain that the federal government has placed on the economy by running up a huge national debt.

Listen to the American public—our constituents are telling us to meet our obligations by paying down the national debt. The folks I represent understand that, when you have some extra resources, you pay your debts first. They don't understand how we can be talking about giving away money we don't have on tax cuts we can't afford. They want us to use this opportunity to pay down our debt.

We hear a lot of talk about ''giving the American people their money back''. We should start by paying off the debt. The best tax cut we could provide for all Americans, and the best thing that we can do to ensure that taxes remain low for our children and grandchildren, is to start paying down our $5.6 trillion national debt.

Reducing our national debt will provide a tax cut for millions of Americans by restraining interest rates. Lower interest rates will put money in the pockets of working men and women by saving them money on variable mortgages, new mortgages, auto loans, credit card payments, and other debts. The reduction in interest rates we have had as a result of the fiscal discipline over the last few years has put at least $35 billion into the hands of homeowners through lower mortgage payment considering that more than twenty five percent of all individual income taxes go to paying interest on our national debt. These economic realities should teach us a valuable lesson: fiscal discipline, demonstrated by paying down the debt, is the best way to keep putting money into the hands of middle class Americans and ensure that future generations can enjoy a prosperous, stable economy.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. PRICE of North Carolina (at the request of Mr. GEPHARDT) for today and the balance of the week on account of Hurricane Floyd hitting his district.

Mr. ETHERIDGE (at the request of Mr. GEPHARDT) for today after 1:30 p.m. on account of Hurricane Floyd hitting his district.

Mr. MCNULTY (at the request of Mr. GEPHARDT) for today after 3:00 p.m. on account of personal reasons.

Mr. HASTINGS of Florida (at the request of Mr. GEPHARDT) for today on account of official business.

Mr. SHAW (at the request of Mr. ARMEY) for today until 3:00 p.m. on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. PALLONE) to revise and extend their remarks and include extraneous material:)

Mr. PALLONE, for 5 minutes, today.

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

Mr. LIPINSKI, for 5 minutes, today.

(The following Members (at the request of Mr. GREEN of Wisconsin) to revise and extend their remarks and include extraneous material:)

Mr. WELDON of Florida, for 5 minutes, today.

Mr. FOSSELLA, for 5 minutes, today.

Mr. CHABOT, for 5 minutes, today.

ENROLLED BILL SIGNED

Mr. THOMAS, from the Committee on House Administration, reported