

On point number one, Mr. Speaker, the projections upon which we assume that we can afford the tax cut are highly dependent upon economic performance that is, at best, uncertain in the near term, and really has no credible basis over the long term. CBO has increased their estimates from 2.8 percent to a little above 3 percent annual growth, but if they are off by as much as eight-tenths of one percent, \$4 trillion of the surplus goes away.

GAO Comptroller David Walker testified before the Congress that "no one should design tax or spending policy pegged to the precise numbers in any 10-year forecast." He also said it is important to remember that while projections for the next 10-year period look better, the long-term outlook looks much worse.

Mr. Speaker, secondly, it is important to understand that the effect of the tax cut applies primarily to those who in fact pay the most taxes. But the top 1 percent, people whose incomes are over \$320,000 a year, now pay about 21 percent of the taxes. One percent pays 21 percent of the total Federal taxes; yet they would get 43 percent of the benefit. Eighty percent of the population would receive less than 29 percent of the entire tax cut benefit.

Thirdly, Mr. Speaker, while the tax plan proposes a \$1.6 trillion cut, it does not include the additional interest costs that are incurred because it is not applied to paying down the debt. It also raises the number of people who will be subject to the alternative minimum tax from 2 million today to 27 million households by 2010. Virtually everybody over \$75,000 over a year in income is going to get hit with the alternative minimum tax. They are going to be screaming at the time, and we are going to have to fix it at a substantial cost that is not factored in here. I should also say the estimates do not protect military retirement nor civil service retirement.

Fourthly, the baby boomer crisis. Once the baby boom generation that was born right after World War II starts to retire, we are going to be in the position of only three workers for every retiree. That creates a situation that is untenable. So after we get out past 2011, when all these estimates are pegged, we are going to find that for the next life span we are as much as \$22 trillion short in Social Security and \$12 trillion short in Medicare.

The best thing we could do right now is to currently fund that unfunded Social Security liability. If we put \$3.1 trillion aside, as we would do if we were facing this in our own family or in a private corporation, we could fund that unfunded liability and not leave that burden to our children and grandchildren to do so.

Lastly, Mr. Speaker, let me say that our highest priority should be to pay down the debt. That is the best way we can invest in our future, and that is the best gift we can give to our children and grandchildren. We do it in our own

family; we ought to do it in the Nation's best interest as well.

THE ECONOMIC FUTURE OF AMERICA

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Florida (Mr. BOYD) is recognized for 60 minutes as the designee of the minority leader.

Mr. BOYD. Mr. Speaker, it is a real pleasure to be here today to talk about something I think that is critically important to the future of this country. I want us to look, if we will, deep into the 21st century, and I think we start that by looking back historically and seeing where we have come from. I want to talk a little bit about the economic future of this country.

Mr. Speaker, after all, as a government, the people of this country expect us to be an economic model, to provide a structure, an economic structure, that will enable the private sector to flourish.

It has worked as well, Mr. Speaker, as any plan that has been put together in the history of mankind. We have something here in this country that is very special. This economic model, this experiment we are on now for over 225 years, has taken us to be the most powerful Nation in the world, not only economically, but also militarily and politically.

Let us look back, Mr. Speaker, just a few short years, back into 1990. We just came out of the decade of the '80s. Ronald Reagan had served us 8 years wonderfully as our President. He had spent a lot of his time focusing on the Soviet Union and the Cold War, and actually we saw the fall of the Soviet Union in the late decade of the '80s.

But if you looked at what was happening fiscally in our country, Mr. Speaker, at that time, we were in pretty bad shape. Economically we were headed down the wrong path. If you go back to 1990, you would have found annual deficits in the range of \$250 to \$300 billion a year. You had a mounting debt that was climbing a quarter of a trillion dollars annually.

Many of us who were in the private sector at that time thought that the economic experiment that we were involved in in this country was headed for an economic disaster as we moved toward the 21st century.

But as you know, in 1990, with the leadership of President Bush, the first step was taken to change the economic direction of this country. As a matter of fact, those changes, led by President Bush, probably cost him his reelection in 1992.

Then again in 1993, under the leadership of President Clinton, another big step was taken to sort of build the wall around that foundation that President Bush had built to get us headed back in the right direction. With that economic plan in 1993, this government, this economic model that we are in-

involved in here, began to head in the right direction and lower its deficits and head toward a day where we could actually pay our bills on an annual basis and would not be swallowed with red ink.

I know when I ran for Congress in 1996 it was the major campaign theme. The major campaign theme was balancing the budget, removing the deficits, the annual deficits that we had. So this is not something that is new, not something we just started talking about. This is important stuff for the long-term health of this country.

Under the leadership of the House and the Senate, Speaker Gingrich, Majority Leader LOTT in the Senate, and President Clinton, in 1997 a Balanced Budget Act was put into place, put into law, which was a plan, a blueprint, to lead us out of red ink and lead us into an era when we could actually pay our bills. This model we have is so wonderful that we actually achieved that goal of getting away from deficits about 5 years ahead of that schedule. The 1997 Balanced Budget Act had us balancing the budget in, I think, the year 2003-2004, but we actually achieve that about 3 or 4 years ahead of that schedule. We have a wonderful window of opportunity here now to continue the work, to continue the job.

Mr. Speaker, the budget process is like a business plan. It is like a business plan that our businesses all across this Nation do on an annual basis. They sit down and they look at what kind of business they want to do, what their objectives are, what parts of their business they have to fund, what revenue they can expect to come in, and then they put all that together in a budget and then they go out and implement it.

Mr. Speaker, that business plan allocates, in the case of our Federal Government, limited Federal resources to our priorities that we think are important.

Mr. Speaker, the surplus is currently projected at \$2.7 trillion. That is if we do not use Social Security and Medicare. We all know the CBO, Mr. Speaker, which I have a summary here which we want to examine a little bit closer as we spend some time in this next hour, the CBO report talks about a \$5.6 trillion figure over the next 10 years, and that is true; but we know that of that \$5.6 trillion, that about half of it is money that comes into the Social Security trust fund and the Medicare Trust Fund.

So we really ought to all get on the same page and talk about the current surplus, the projected surplus, Mr. Speaker, being at \$2.7 trillion, because even just as late as yesterday this House voted, I think unanimously, to reinsert its belief that the Social Security funds and the Medicare funds ought to go in a lockbox, and they ought not to be touched for any purpose, other than those two specific purposes.

So, Mr. Speaker, we want to spend the next hour examining some of the

priorities that this Nation needs to deal with as we have this debate about surpluses, about tax cuts and about our economic plan.

Mr. Speaker, at this time I am glad to recognize the gentleman from Texas (Mr. STENHOLM) to spend a few minutes talking about his perspective.

□ 1400

Mr. STENHOLM. Mr. Speaker, I thank the gentleman for yielding to me, and I thank him for taking this time today.

I hope that everyone will pay particular attention to some of the comments that many of our colleagues are going to be making. We will have the gentleman from Mississippi (Mr. TAYLOR), who will be on the floor momentarily, and will talk very accurately about the fact that we really do not have a surplus.

When we look at the Social Security trust fund, the Medicare trust fund, the Military Retirees trust fund, highways, airports, that really and truly, there is no \$5 trillion, 600 billion surplus.

We ask our colleagues, particularly our friends in the majority, to not just look at part of the CBO report, but take a look at the whole report. Notice where they make a very sound observation in that, first off, projecting the economy of the world for 10 years is almost impossible. No one pretends to be accurate. Yet, here we are now all of a sudden taking 10-year projections, and we hear \$5.6 trillion of surpluses, and we have folks beginning to act like it is real, really beginning to say, "We are going to spend that money like it is real."

Here we ask Members to consider one major fact, that 70 percent of the projected surpluses that we are talking about do not occur until the years 2007, 2008, 2009, 2010, and 2011. Who of us can project tomorrow, much less 2011?

When we go past 2011 for this same CBO report, the \$5,600,000,000 surplus, they show through another chart that we have serious problems. In fact, it is projected in the next 20 years after 2010 we will be consuming 200 percent of our gross domestic product every year. We all know if that were to happen, if it were to happen this year, that Congress would have a very difficult time dealing with that kind of an economic situation.

What the Blue Dogs have suggested in the past, are suggesting today, and will be suggesting tomorrow, let us understand a few basics: The \$5 trillion, 600 billion number we have here is a projected surplus. We think the conservative thing to do is to be conservative with those surpluses.

As the gentleman from Florida (Mr. BOYD) observed a moment ago, the actual number of these projected surpluses that we have to deal with is 2.7, because we have already decided in an almost 100 percent bipartisan way that we are no longer going to spend the Social Security and Medicare surpluses in the unified budget. We are setting them aside in a lockbox.

Now, I was not very happy with the cuteness of the vote yesterday, of the actual bill yesterday, because it left a loophole. I hope the American people will hold us accountable not to the loopholes of being able to potentially spend these trust funds twice, which was possible by that resolution yesterday, but to really and truly mean it when we say we are not going to spend, and let us put it more positively, we are going to take this short-term benefit that we have with Social Security in which we are taking in more than we are paying out to today's beneficiaries and we are going to take that money and pay down the debt held by the public.

That is good. When I say that is good, that is being interpreted by the markets as being good. Everyone perhaps looking right now or listening to this right now should ask themselves, and answer a simple question, would they rather have 6¾ percent home mortgages or 9¾ percent home mortgages? When we are buying a new car, would we rather have a 6, 7, 8 percent loan, or an 18 percent loan?

As a result of the economic policies that have been followed over the last 8 or 10 years and the budget actions taken by the Congress over the last 6 or 8 years, we now find ourselves in a position in which the markets are reacting. Yes, we are collecting more tax revenue because people are making more money. That is good. That is not bad. But the question we have to ask is, how long will it continue?

We had a budget alternative, the Blue Dogs, last year which focused on reducing the national debt. This is our budget again this year. We had a budget that focused on saving Social Security first. My personal preference is, I wish we would have had the first serious discussion on this floor this year on saving Social Security and Medicare.

I happen to represent a rural district, and my hospitals and now my nursing homes, my nursing home constituency has been pointing out over the last several months, we are hurting, too. The BBA of 1997 reduced the reimbursement rates of the nursing homes, as well as the hospitals, below what it cost them to stay in business. We have to address that, and that is going to cost some money.

I want to make it very, very clear, the Blue Dog Democrats favor cutting taxes. We are very strongly in favor of dealing with the marriage tax penalty; a perfect day to discuss it, Valentine's Day. We are for it. We will vote for it. We encourage it to be in the final package.

We are for dealing with the estate tax, the so-called death tax. We believe that it is not helpful to have a penalty assessed to a small businessman or woman that spent a lifetime building up their business, and it will be in our budget.

We would like to see across-the-board tax cuts, if that is possible for us to do.

Some of us, myself being in this category, I would like to see us take this opportunity now to do more than just complain about the energy problems of this country.

A couple of years ago we had a depression in the oil patch. No one was worried about the domestic oil and gas producers, who were going broke in droves because no one can produce oil and gas at \$7 a barrel, but no one was concerned about it then because we were all enjoying the cheapness of energy.

Well, today everyone, including those of us living in the oil patch, are complaining about the price of energy. Why would this not be a good time to look at using the Tax Code to accomplish some much needed improvements in our energy policy in this country?

A simple question I ask, and unfortunately it is not in the President's plan yet, but the President has said, I am amenable to change. I have submitted my plan to the Congress. We would like to hear Congress's opinion on where we go. I would like to see us deal with this.

I would like to see us deal with some environmental incentives, some production incentives, doing some things we clearly need to do for the benefit of this country. Most everyone would agree to that. There are a lot of things going on on both sides of the aisle to prepare us for this national energy policy. I mention that because that is not in the current numbers we hear being kicked around.

I know I have other colleagues that want to take a little bit of time now, so let me kind of summarize where we are as far as the Blue Dogs' input into the budget considerations this year. I can summarize it pretty quickly: Let us bring a budget to the floor of the House first. Let us not bring tax bills to the floor that everyone will feel inclined to vote for because they do not want to explain why they are opposed to it. Why not deal with the budget first, bring the budget out, and agree on what the budget should look like.

Here it is pretty simple. In a \$5.6 trillion projected surplus, Social Security is 2.5 of that, Medicare is .4 of that, that leaves \$2.7 trillion. How much of that \$2.7 trillion surplus can we afford to spend on a tax cut? That is a simple question.

A lot of folks are saying, "There he goes, he is talking about spending like it is their money. Taxes are our money." No, let us not continue to forget that the Social Security system has an unfunded liability of almost \$9 trillion. Part of that money we are talking about I think needs to be devoted back to saving Social Security. That is not in the current discussions that we hear. Medicare, the same.

For military retirement, we will hear from the gentleman from Mississippi (Mr. TAYLOR) in a moment, it is several hundred billions of dollars. Let us deal with that first. Then let us also agree how much additional spending we want

to make in the area of defense. How much is it going to be required to make sure we maintain the strength of America that has allowed peace to become a prevalent word in this world today? How much?

We are going to build a missile defense system. The cheapest version I have heard is \$50 billion over the next 10 years, probably more than that. So we are saying, let us have a tax cut. Let us put at least half of that projected surplus, though, against the debt. Let us have an absolute tough decision on spending.

Let us revise or bring back what worked so well for us over the last several years, at least prior to 1997. Let us put some caps on discretionary spending that we agree to, numbers, and then let the appropriators spend that money, but let us stay within that discretionary level.

We can do it. It can be done. We can meet the needs of defense, of veterans, of education, of health care, of agriculture. We can do all of these things if we truly reach out in a bipartisan way.

That term is getting overworked, but here today, we are on the floor. We would love to have a discussion with someone on the other side of the aisle regarding some of the points that I have made, that the gentleman from Florida (Mr. BOYD) has made, that our other colleagues will make here in a few moments.

The basics are, we think we ought to have a budget first. Let us have that debate first, and then let us debate the makeup of the tax cut and how much money we are going to spend or save. But even more importantly, let us not forget that the first priority today should be saving Social Security first. If we do not do that, if we do not make a serious effort to do that this year, it will be postponed for another 4 years, because we will never be able to bring it up in the climate that will be present here.

Mr. BOYD. Mr. Speaker, I thank my friend, the gentleman from Texas, who has been in this Congress a long time and is recognized as probably the major deficit hawk in Congress. I know that he is very pleased that we have come so far with the 1997 Balanced Budget Act, and I know that he is somewhat pained by the fact that we may be reversing that policy with really good spending caps in place.

I say to the gentleman from Texas, the 1997 Balanced Budget Act did put into place some very good spending caps. Those have expired I think as of this year. I really believe that it may be time for Congress to look again at what worked for us in 1997 and has really helped us tremendously, and hopefully we would take another step on the spending side to make sure that we do not let spending run out of control again.

Mr. STENHOLM. If the gentleman would yield again briefly, Mr. Speaker, the problem with the 1997 budget caps were that they were unrealistic. There

was not anywhere close to a majority on the majority side of the aisle to live up to it. Therefore, it is extremely important that when we set the caps, be realistic. We have to increase money in the defense of this country, I will say that.

As I say that to the gentleman, I am talking about spending the people's money, because Congress does not make money. The only way we get money to spend is we have to tax people to get it. I am prepared to say, we have to spend a little bit more of our taxpayer dollars on defense. So let us put that in the budget. Let us not be unrealistic, as we were in saying we are going to increase defense but we are going to cut health care, we are going to cut agriculture, we are going to cut highways, we are going to cut justice, knowing the votes are not there.

This is where bipartisanship has to come forward. We will have a significant number of Democrats and a significant number of Republicans that can agree on a realistic set of caps.

Mr. BOYD. Reclaiming my time, Mr. Speaker, I think the important point is that any prudent business person would establish what the spending levels are first before they begin to implement any part of the budget. I think that is what the gentleman is recommending.

Mr. Speaker, I yield to the gentleman from Texas (Mr. TURNER), another leader in the Blue Dogs. He came in the same year as I did, after the 1996 election, and he has been a leader on these budget issues.

Mr. TURNER. Mr. Speaker, I thank the gentleman for yielding to me. I appreciate the opportunity to share this hour with my fellow Blue Dog Democrats, the voice of fiscal conservatism in this House. We have worked long and hard on fiscal issues: paying down the debt, cutting taxes, balancing the budget.

I am glad to be here with the gentleman from Florida (Mr. BOYD), the gentleman from Texas (Mr. STENHOLM), my colleague, the gentleman from Utah (Mr. MATHESON), and the gentleman from Mississippi (Mr. TAYLOR), to talk about what will be the dominant issue in this Congress for the next several months.

I think we all understand that when we began this Congress, we all shared a commitment to try to work together in a bipartisan way. I was pleased to see President Bush, who I served with when he was Governor of Texas, come with a pledge to try to work in a bipartisan way, because for too long the two parties in this House and in this Congress have warred with one another in such a way that the American people have become tired of seeing the bickering that exists here, and perhaps we have an open window of opportunity to work together in a more congenial and more bipartisan way in the common interest of all the American people.

□ 1415

Mr. Speaker, I think the President's first test of bipartisanship will prob-

ably be the proposal on tax cuts. The Blue Dog Democrats believe there are two ways to put more money in the pockets of the American people. One is to cut taxes, two is to pay down our national debt and realize the lower interest rates that will flow for all Americans if we are fiscally responsible enough to pay down our national debt.

It is not only the right thing to do for our children, not to pass that big debt to them, but it is the right thing for all Americans, because the combination of cutting taxes and paying down debt will put more money in their pockets.

Economists estimate that if we can pay down our national debt, the publicly-held portion of it, over the next 6, 8 or 10 years, that we can lower interest rates by 2 percent for all American families. Now, that is a big deal, if you have to borrow money.

I come from a poor district, where people have a relatively low average annual income, and a lot of folks I represent have to go to the bank occasionally to borrow money to buy a new car or to borrow money to buy a new home or to borrow money to send their children to college.

For a family that has to borrow \$115,000, for example, to buy a new home, if they pay that out on a 30-year mortgage at a fixed rate, 8 percent interest would cost them a monthly payment of \$844. If we can get interest rates down just 2 percent for that family, that monthly payment would be \$155 less. That is \$1860 a year that we could put in the pockets of that family if we could get interest rates down.

Paying down the national debt not only will prevent us from passing on that terrifically huge debt to our children for them to figure out how to pay off, but it will put money in the pockets of American families today; so that is the choice.

Are we going to be for the big tax cut that does not allow us to pay down the national debt, does not allow us to protect and preserve Social Security and Medicare for the future, that does not allow us room to strengthen our national defense? That is the choice that the American people and this Congress have.

I know we all believe in tax cuts, and I want the biggest tax cut that we can afford, but this Congress must operate the same way that we all know we must operate in our own households. When we sit down at the beginning of the month, we balance our checkbook and we determine what our income is, and we divide that income up among the bills that we owe.

If there is something left after we pay our bills, then maybe we can go out for a fancy dinner or maybe we can even decide to buy a little nicer automobile or maybe we can afford to take a trip, but at my household, and I know at yours, we decide that on a month-by-month basis.

I do not know anybody who has ever sat down at the kitchen table and said,

talking to their wife, you know, honey, I think, that we are going to be able to afford some things on down the line. I think I will probably get a raise every year for the next 10 years. And since I probably think I may get a raise, that means we have a surplus, and I think we ought to go ahead and spend that surplus now.

That is what this Congress is doing when this Congress decides to cut taxes in an amount equal to the surplus that is estimated to arrive here over the next 10 years. You would not do that at your household, and this Congress should not do it either.

We really have a very fundamental issue that I think every American family can understand. When you owe money, you pay your debt first. And if there is anything left, then we can cut our taxes, or we can spend on something like national defense or something that this Congress would like to support.

These budget estimates of surpluses are really funny numbers. We tell the Congressional Budget Office to develop an estimate of how much money might come into the Treasury over the next 10 years under a whole bunch of assumptions that do not make a whole bit of sense. One of the assumptions is that Federal spending go up at the rate of inflation.

Government spending, for the last 5 years, even under the Republican Congress, and all of us who have joined with them trying to hold down spending, government spending still went up at the rate of the gross domestic product. That is a fancy word, but it is a number that is bigger than inflation.

If we just continued to spend on defense at the rate of the gross domestic product, \$450 billion of this surplus we are talking about over the next 10 years would disappear. If we simply continue to spend on education at the rate of the increase in the gross domestic product, \$400 billion of that surplus would disappear.

What makes us think, after all of the efforts that we have made to be fiscally conservative and to hold down spending for the last 5 years, that we are going to be able to do even better than that? I hope we are better than that, frankly, but to cut taxes in an amount that prevents us from being able to meet the legitimate need of this country in areas like national defense is foolish.

I am convinced that the tax cut that the President has proposed is too big. We simply cannot afford it. So what can we afford? I think the Blue Dogs have a reasonable plan. We have always said, as this whole Congress has repeatedly pledged, we will not touch the surplus that accrues in the Social Security trust fund or the Medicare trust fund. Those trust funds are going to need every penny that will accrue in those funds.

What do we have left even under the optimistic estimate? We have about \$2.7 trillion over 10 years. The Blue

Dogs have said repeatedly take half of that and use it to pay down our national debt; take 25 percent of it and let us cut our taxes and let us set aside 25 percent to be sure that we save Social Security and Medicare and strengthen national defense and provide our kids with the kind of education that we know they need.

That is a fiscally conservative approach to budgeting, and the Blue Dogs believe foremost of all that we have to have a budget first.

The President sent his tax cut down here the other day. He has not sent his budget yet, and he has pledged to us that his tax cut will fit within his budget. Frankly, I do not think it will, but even if he moves the numbers enough to make it fit, there is going to be some things that will have to be neglected that I think most Americans want to protect; foremost among those is to protect Social Security and to protect Medicare.

Our seniors and those of us who will soon be seniors deserve the protection of a sound Social Security system, and we need to protect Medicare. Health care costs are going up. Many of the hospitals in my rural district are threatened with closing. I want to protect Medicare because those hospitals depend largely upon Medicare revenues to keep the doors open.

We believe in fiscal responsibility. The Blue Dog Democrats are going to fight for fiscal responsibility, and I am glad to join my colleagues on the floor today to advocate what I think is in the best interests of the American people.

Mr. BOYD. Mr. Speaker, I want to thank the gentleman from Texas (Mr. TURNER), my friend, one of the leaders of the Blue Dogs, for his fine leadership on these issues.

Mr. Speaker, I yield to the gentleman from Utah (Mr. MATHESON), one of our new Members.

Mr. MATHESON. Mr. Speaker, I want to say to the gentleman from Florida (Mr. BOYD), it is a pleasure to be here today to talk about the importance of fiscal responsibility.

Mr. Speaker, I would like to tell the gentleman that when it comes to this type of issue, I am true to my Scottish heritage when it comes to money, especially the people's money.

I do not like deficits, and I do not like debt. It means that we live within our means. I come from the State of Utah. I feel the way a lot of my constituents feel. We conduct our lives in a way where we live within a budget. We try to face the future in a way where we pay down our debts when we have the opportunity to do so, and we try to plan for the future and invest in the future to make the world a better place for our children.

That is the type of attitude I think we ought to have as we approach this budget issue here in Congress, and that is why I am so proud to be associated with the Blue Dog coalition.

The Blue Dogs was first introduced to me when I was a candidate, and we

sat down and we shared our thoughts about budget issues, about our desire to pay down the debt. Issues that make sense to me. Common sense solutions.

The Blue Dogs have a reputation of being up front with people about telling the truth, about trying to cut through a lot of the rhetoric that we have in terms of addressing such important issues. That is why I am proud to be here today with my fellow Blue Dogs to talk about these issues. I think as we look at this issue, it is important that we have the right perspective.

I have learned in my life as a businessman and in my personal life that it is very easy to get caught up in the short term day-to-day pressures and emotions of the moment, and that dominates your perspective. And, yet, we all recognize the benefit of taking a step back and taking the longer view when we make decisions.

We make better decisions when we do that; that same applies to Congress. I think too often we have a short-term perspective here. People look out to the next election when they make decisions.

We should not be driven by the next election. When we are making decisions, we should be looking at the next generation in how we make decisions on these important issues of maintaining fiscal responsibility, that is the perspective that I would like to have brought before this whole House of Congress.

Let us make it clear there will be tax cuts this year. I have certainly campaigned on the notion of tax cuts in terms of addressing the marriage penalty and estate tax issues, and I think there is great support within Congress to pursue that type of tax cut.

As we move forward in this tax cut discussion, I would offer a quick list of five items that should be considered, common sense considerations, that ought to be included in any discussion of these issues.

The first is that let us be up front about the nature of these budget projections. We ought to be skeptical about this. We are talking about a 10-year projection, and what is interesting is over 70 percent of the projected surplus takes place in the second 5 years.

Does it really make sense for us today to make a commitment assuming that is going to happen then? What is the rush to make that decision today? The responsible thing to do is to live within our means, do what we can to try to have our economy grow. And we hope that surplus occurs. We should all do what we can to make that occur, but let us be skeptical about the notion that this surplus is definitely going to happen.

I am a businessman. I have dealt with projections before. When we make projections of the future, the one thing we know, the minute we write it down on the paper is it is probably going to be wrong, so we ought to be cautious and we ought to be smart about that.

But let me talk about a future prediction where we can be certain, that is the second consideration we ought to keep in mind. The second prediction about the future is that we are going to have a whole bunch of baby boomers starting to retire in about 10 years, so wherever the economy goes, we know, in terms of the demographics of our country, we are going to have a lot more people moving into the retirement phase of their lives, and that is going to place far more pressure on Social Security and Medicare.

We have the opportunity now, while times are good, to address that issue. Let us not squander the prosperity we have today with short-term thinking. Let us take that longer view when it comes to Social Security and Medicare.

A third issue I will mention, a consideration we ought to think about as we look at these tax cuts. Most of us have put together a budget in our lives. Those of us in the business world have done that a lot. Everybody has probably done it for their own household, and when we look at a budget, simply stated, you look at money in and you look at money out. You have revenues and you have expenses, and you match them up, and you figure out what makes sense.

Right now we are only looking at half of that equation. How can we, as an institution, make informed decisions about tax cuts which affect the revenue side without also understanding how it fits with projected expenses?

□ 1430

I say that if we are going to behave in a responsible manner, it is important to look at the whole budget before we make decisions.

Fourth, the issue we ought to remember is let us recognize the true cost of any tax cut. The projections we have right now about the surplus are based on nothing happening, on taxes staying the way they are now. If we do have that surplus, the assumptions in these projections are that we are going to pay down our debt. As we pay down the debt, we lower government spending on interest on that debt. If we are going to cut taxes, there is going to be a corresponding increase in government spending because we are not going to be paying down the debt as fast and there is more of an interest expense.

We are going to pursue tax cuts, but as we talk about it, let us be honest. Let us talk about the full cost of any tax cut that we pass in Congress. There is a cost in terms of increased interest because the debt will not be paid down as fast.

A fifth point that is a consideration, as we look at tax cuts is the notion that paying down the debt creates so many benefits, so many benefits in the short term, so many benefits in the long term. We bring down interest rates. That is good. We give ourselves greater flexibility if we remove that as

part of government spending. Right now interest is the third highest expenditure of the Federal government behind Social Security and defense. We all like the notion of trying to cut government spending. This is an easy one. All we have to do is show some discipline, pay down our debt and lower expenditures on interest. That makes sense to me.

I think that it is important to have this discussion today as Blue Dogs, but I think it is important to have this discussion with our friends across the aisle. If we can take that longer view and set aside considerations of just the next election, there will be a better opportunity to have some bipartisan consideration and to really affect this in a positive way. We ought to have a bipartisan agreement to be fiscally responsible. I think we share a lot of values on both sides of the aisles. I am convinced that the Blue Dogs are prepared to engage in those discussions.

Mr. BOYD. Mr. Speaker, I want to thank the gentleman from Utah (Mr. MATHESON) for coming. He is obviously going to be a very productive and bright Member of this Congress as we move through these critical times for this Nation.

Next, Mr. Speaker, I want to call on the gentleman from Mississippi who has been a leader on military views, particularly issues which relate to the welfare of our troops, all of our military men and women around the world; and obviously our national defense is maybe the most important role of this Federal Government.

The gentleman from Mississippi (Mr. TAYLOR) is going to spend some time now talking about the budget, and I am honored to yield to the gentleman from Mississippi.

Mr. TAYLOR of Mississippi. Mr. Speaker, I want to thank the gentleman from Florida for this opportunity.

If I were to walk into a town hall meeting and tell the people there that I discovered this magic cure to where our Nation can quit wasting a billion dollars a day, I would think that they would be excited about it.

People always say how about stopping wasteful foreign aid, which is about \$13 billion, or why can we not cut back on food stamps which is about \$30 billion. A \$1 billion a day is \$365 billion a year. If I can tell you that I had a way to quit wasting \$1 billion a day of your tax money, I think you would be excited about it.

It is that easy. We just pay off the national debt. Each day this Nation squanders \$1 billion in interest on the national debt. We did it yesterday, we did it the day before that, and we will do it tomorrow; and by the way, we are going to do it every day for the rest of your life until we pay off the national debt.

With that money do we educate a child, build a road, contribute to national security, fulfill our promise of lifetime health care to our retirees, no.

That is why it makes it the most wasteful thing that we do as a Nation, is squandering your tax money in interest on the national debt.

What troubles me in this whole tax cut debate is how many of my colleagues from the Republican party are ignoring the fact that this Nation is \$5.7 trillion in debt.

All of us have a tendency to think, well, I am 47 years old so I guess my generation has done my share of that debt because the Nation has been around for a long time. I wish that was true; but it is not. You see, almost all of the debt has occurred since 1980. And I think 1980 is a magical year. I hope we will keep it in mind during this whole debate. People say the Reagan years were a model for prosperity. They cut taxes and revenues went up and everything got better. Not quite true.

Actually during the Reagan administration with a Democratic House and Republican Senate, the debt doubled. All of the debt in the first 200 years of our Nation doubled in those 8 years. It set in motion a series of events which continued to get worse and only got better this last fiscal year when the Nation, for all of the talk of huge surpluses, had a tiny \$8 billion surplus after we take into account the trust funds.

One of the things that I fear my Republican colleagues are doing, and I hope I am wrong and I want to give them an opportunity to tell me I am wrong, is misleading the American public as to the true nature of the debt. These are trust funds, and the key word here is trust. People in the military trust that money is set aside to pay for their retirements which adds up to \$163 billion. They trust that that money is set aside and will be there to pay for their retirement.

Mr. Speaker, Americans know that a portion of their salary is taken out every month in their Social Security payment; and they trust that that money is being set aside so that when they retire, it will be there to pay their benefits. Americans who have a job also know that they are paying into the Medicare trust fund. Again, they are trusting their Nation to take that money and set it aside so when they get old, and if they get sick, we are going to help them with their medical bills.

Those people who work for our Nation have a trust fund as well. It is called the Federal Employees Retirement System. Again, money is taken out, it is supposed to be set aside so it is there to pay their benefits when they retire.

The net value of all of these trust funds is \$2.348 trillion. But let me tell you the bad part. There is not a penny of it anywhere in any bank anywhere in the world. All there is for the \$2.348 trillion are a bunch of IOUs. So when my Republican colleagues and our new President talk about all of this money

laying around in Washington, I challenge them to show me where that \$2.348 trillion is. It is not there.

And so would you not think that since honesty is going to be the order of the day under this administration, the most honest thing that we could do is pay back the money that we owe them. The military retirees who defended our Nation in places like Vietnam, Korea, Kosovo, Desert Shield, Desert Storm, do you not think that we ought to honor their commitment by paying them back the \$163 billion that we owe them?

How about the folks that have paid into Medicare with the assumption that that money is going to be there when they get old. Do you not think that we ought to pay that money back? And it is to date \$228 billion that we owe. It is gone. All we have is an IOU.

How about Social Security. Between old age survivor's insurance and the disability under Social Security which you paid into, we owe you \$1.66 trillion. How can there be a surplus when we owe you that much money. Their buzz word is it is your money. They are right, and I think we ought to pay it back. I think that is a higher priority than giving some Americans a tax break. The groups that I talk about constitute every American, and the most honest thing that we can do is pay you back.

So let me tell you what has happened in the first 11 days of the Bush administration that troubles me. This publication used to come out at the end of the month for decades. It was called the Monthly Statement of the Public Debt. It was available on the World Wide Web for every American to see on a monthly basis, whether the politicians were paying down the debt or making it bigger. Within 11 days of the Bush administration taking over, what forever was called the Monthly Statement of the Public Debt of the United States was changed to the Monthly Statement of Treasury Securities of the United States.

Now, I have just got a hunch if I were to walk into a restaurant or coffee shop anywhere in America and went up to an unsuspecting couple and said would you like some of the public debt, they would probably tell me, no. That is your problem. But if I went to that same couple and said how would you like some Treasury Securities, they would probably take me up on that deal.

Do you remember the book 1984 where when there was a word they did not like, they came up with a new word to disguise the nature of it and they called it "news speak." Folks, this is news speak. This is an attempt by the Bush administration to mislead the American people as to the true nature of the public debt; and it is wrong. I have written the President. I do not think that he personally did it. I think somebody in his administration did it, but I want him to be aware of it. I think it ought to be changed.

Mr. Speaker, I think it is time we as a Nation were honest with the American public and paid them back the Social Security that we owe to them; paid them back the Medicare that we owe to them; paid the military retirees the money that we owe to them; and paid the Federal employees the money that we owe to them.

Mr. Speaker, after we fulfill those commitments, then we start looking for new ways to give some American tax breaks.

Mr. BOYD. Mr. Speaker, I thank the gentleman from Mississippi. You can see that he does his home work. He understands these issues very well, and he has certainly been a leader on the military and budget side as it relates to the Federal debt.

At this time I would like to call on my friend the gentleman from Indiana (Mr. HILL) who is a wonderful new member of the Blue Dogs, actually moved out of the blue puppy category into a sophomore.

Mr. HILL. Mr. Speaker, I thank the gentleman from Florida and my good colleagues on the Blue Dogs Coalition.

Mr. Speaker, 2 years ago when I joined the Blue Dogs, I didn't know exactly what to expect, but I have discovered in the last 2 years that this is an organization of conservative Democrats that are very honest about what they say.

Mr. Speaker, everything that we have heard here today is exactly as it is. One of the great things about being a Blue Dogs member, and there are 33 of us, is that one can rely on the information that one receives. What the American people have been receiving in terms of the speeches that have been made here this afternoon is the truth. If the truth is known to the American people, I think that they will agree what we are talking about in terms of paying down the debt is an important component of this budgetary process and something that we ought to be doing.

Now, I cannot do as well as the other speakers have done so I will not repeat what they have said, but I do want to bring up one point and that is when CBO has made all of these huge projections of what the surpluses are going to be over the next 10 years, they will also tell us in their report that there is a 50 percent chance that they are going to be a hundred billion dollars wrong in the first 5 years. Most people do not realize that. Members of Congress I am sure do not realize that. If you do not take my word for it, go to the Web site. It is www.cbo.gov.

Mr. Speaker, the other projection they talk about is in the following 5 to 10 years there is a 50 percent chance that they will be off at least \$250 billion. So we are talking about at least, at a very minimum, of a \$350 billion potential swing in these projected budget surpluses. That is why the Blue Dogs have never come up with numbers, they have always come up with percentages. The idea of paying 50 percent

of these surpluses down on paying the debt is a realistic approach to this budgetary process that does not lock us in and jeopardize our future in terms of going back to the old days of deficit spending.

Mr. Speaker, I want to make a point that there is a huge room for error in these projected surpluses, that we need to be cautious. The most important thing that we can do is pay down the debt in a way that is fiscally responsible and do tax cuts in a way that is fiscally responsible.

Mr. BOYD. I yield to the gentleman from Washington (Mr. INSLEE).

Mr. INSLEE. Mr. Speaker, I am not a member of the Blue Dogs Coalition, but I would like to be an honorary one today because I think this organization truly is the voice of fiscal responsibility in this institution, and I am so happy that my colleagues are here today with this message.

I have three points. Point one has to do with a story from this weekend. I was talking to a colleague who went to a meeting this past weekend, and he started to talk about the surplus. An older gentleman came up and poked his fingers in my colleague's chest and said, what do you mean by the surplus, you man, and my colleague started to explain it. He said, no, no, no, hold it right there.

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As long as we have got a big debt, we have not got a big surplus. And this was not Alan Greenspan talking, but this was a fellow who I think was in touch with the heartland of this country, who understands that with a \$5 trillion debt we ought to take care of the deficit first. That gentleman understands that 14 percent of all of his taxes, \$14 of every \$100 of income taxes he paid last year were wasted, down the black hole. They did not get a teacher, they did not get a soldier or a sailor, but went to pay interest on the Federal debt. That gentleman understood we have to pay a commitment to the public debt.

Second point. All of the numbers, which are essentially a fiscal hallucination about this alleged surplus, talk about this 10-year window of opportunity. But it is real interesting, because guess what happens the day after that 10-year opportunity? We baby boomers start to retire. The baby boom generation, which is going to drive us into a fiscal ditch, starts to retire in year 11, year 12 and year 13. And we know what will happen then: we will go right back down into deficit spending if we do not eliminate this debt first.

It is time for the baby boom generation, which I am a member of, to grow up. It is time for our generation to be fiscally responsible. And I appreciate the Blue Dogs and their request of the new administration. I hope they are serious about bipartisanship. This will be the real test to see whether they engage us, the Blue Dogs, and everybody else in a discussion of what this tax cut ought to be.

Mr. BOYD. Mr. Speaker, I want to thank the gentleman from Washington for joining with us here on the floor, and we certainly do want to make him an honorary Blue Dog.

Mr. Speaker, I would like to yield now to the gentleman from Texas (Mr. STENHOLM) to summarize.

Mr. STENHOLM. I thank the gentleman for yielding, and I want to help clarify some other rhetoric that we will be hearing from this floor regarding spending.

I have served in the House of Representatives since 1979. When we look at discretionary spending by the Congress, it has declined by 36 percent from 1978 until the year 2000 as a percent of our gross domestic product. Entitlement spending has gone up 3 percent during that same period. Revenues have gone up 14 percent since that period. Interest rates have gone up 43 percent.

That is why we are emphasizing paying down the debt. Monies spent on interest are the least productive number of dollars that we can spend in this Congress. Money spent on defense, on veterans, on military retirees, on health care, on education, on agriculture are the most productive dollars that we can spend. So long as they are spent prudently and with policies that we can agree to in a bipartisan way, they are the most efficient and the best way to deal with our Nation's problems.

Mr. BOYD. Mr. Speaker, I want to thank the gentleman from Texas and, in summary, I want to read from the CBO's report that just came out, the summary. It will just take a few seconds here.

The summary starts out this way, Mr. Speaker, and I quote: "In the absence of significant legislative changes and assuming that the economy follows the path described in this report, the CBO projects that the total surplus will reach \$281 billion in 2001. Such surpluses are projected to rise in the future approaching \$889 billion in 2011 and accumulating to a \$5.6 trillion figure." We know over half of that is Social Security. Here is an interesting sentence, Mr. Speaker: "That total is about \$1 trillion higher than the cumulative surplus projected for the 10-year period in CBO's 2000 report, July 2000."

In 6 months, Mr. Speaker, the projected surplus changed by CBO's own estimates over \$1 trillion. And I want to read one more sentence that goes on later in the summary report, Mr. Speaker, and this really should give pause to many of our American citizens:

"Over the long-term, however, budgetary pressures linked to the aging and retirement of the baby boom generation threaten to produce record deficits and unsustainable levels of Federal debt." Mr. Speaker, I want to say that again. "Budgetary pressures linked to the aging and retirement of the baby boom generation threaten to produce record deficits and unsustainable levels of Federal debt."

I am reading directly from the summary of the CBO report which came out last month.

Mr. Speaker, I want to thank the indulgence of the House and for the Speaker's courtesy today, as well as my colleagues who came and assisted today.

TAX FAIRNESS

The SPEAKER pro tempore (Mr. KERNS). Under the Speaker's announced policy of January 3, 2001, the gentleman from Illinois (Mr. WELLER) is recognized for 30 minutes as the designee of the majority leader.

Mr. WELLER. Mr. Speaker, I appreciate the opportunity to address the House today, and I wanted to take a few minutes to talk about not only the accomplishments of this Congress, but also to talk about a major issue of fairness, a fundamental issue of fairness in the Tax Code.

I represent the south side of Chicago. I represent the south suburbs and Cook and Will, Grundy and Kankakee and La Salle Counties. This is a very, very diverse district of city and suburbs and country. The message that I have heard time and time again since I was a candidate for Congress in 1994 the first time, was that folks back home want us to look for solutions to the challenges that we face.

I remember when I was first elected in 1994, we wanted to do some pretty radical things. We wanted to balance the budget, we wanted to reform the welfare system, we wanted to pay off the national debt, we wanted to stop the raid on Social Security and Medicare. We were called radical for having those kind of ideas and that kind of agenda.

I am proud to say in the 6 past years that this Republican Congress has accomplished those very goals. Not only have we balanced the budget 4 years in a row, but we have paid down almost \$600 billion of the national debt. And according to the nonpartisan Congressional Budget Office, we are projected to see a surplus of extra tax revenue, a tax surplus of almost \$5.6 trillion over the next 10 years.

Think about that. Our Federal budget this year is \$1.9 trillion, but over the next 10 years we are expected to collect \$5.6 trillion in more tax revenue than we are projected to spend. A huge surplus.

I am also proud to say that we did something that our grandparents, many seniors and those who aspire to be seniors have complained about over the years, and that is we stopped the raid on Social Security. Three years ago, this Republican Congress took the initiative and passed legislation which locked away 100 percent of Social Security for Social Security. This past year we did the same for Medicare. And yesterday we did it again for the coming budget year. We passed the Social Security and Medicare lockbox, setting aside 100 percent of the Social Security

and Medicare trust fund surpluses for Social Security and Medicare to use those dollars not only to run our current program of Social Security and Medicare, but to set them aside as we modernize those programs to assure that Social Security and Medicare are there for future generations.

When it comes to welfare reform, I am proud to say that we reformed welfare. I remember when I was first elected we had more children living in poverty than ever before in our Nation's history and the highest rates of teenage illegitimacy. Clearly, our Nation's welfare system was failing. We passed welfare reform. Took us three times before we were able to convince the President to sign it into law, but he finally signed it into law in 1996. And since then we have seen our Nation's welfare rolls drop. In fact, in States like Illinois they have been cut in half, with almost 6 million former welfare recipients now on the tax rolls as working taxpayers. Clearly fundamental changes.

Think about it. We have balanced the budget, we have stopped the raid on Social Security, we have stopped the raid on Medicare, we have paid on the national debt \$600 billion, and we are on track to eliminate our Nation's debt by the year 2009, and we also reformed and made fundamental changes to our Nation's welfare system.

One of our other priorities, of course, has been the issue of bringing fairness to the Tax Code. Now, I was proud that as a key part of the Contract With America we enacted the child tax credit. In States like Illinois, that meant an extra \$3 billion in tax relief that stayed in the pocketbooks of Illinois taxpayers rather than going to Washington to be spent by Washington from that \$500-per-child tax credit alone.

But there are other issues in the Tax Code that we need to address that are important to families. I thought Valentine's Day was an appropriate day to raise this issue. It is an issue of fundamental fairness. Is it right, is it fair that under our Tax Code 25 million married working couples, husband and wife both in the workforce, pay on average \$1,400 more in higher taxes just because they are married? It just does not seem right, it does not seem fair that if a man and a woman who are both in the workforce decide to get married that they have to pay higher taxes if they make that choice.

The only way today to avoid the marriage tax penalty, if you are still single, is to not get married. And if you are married, the only form you can file to avoid the marriage tax penalty is to file for divorce. Well, that is wrong that under our Tax Code married working couples pay higher taxes than identical couples who live together outside of marriage. That is just wrong.

I am proud to say that this Republican Congress has made elimination of the marriage tax penalty a priority, and it is only appropriate that on this