concept that the treaty was drafted 30 years ago, but fortunately the people who drafted that treaty had the foresight to say, gosh, over a period of time the circumstances have changed dramatically enough that the United States has to take a new approach; that the United States can no longer afford, can no longer afford to sit by and pretend that in our future there will be no missile attack against the United States.

In fact, it is just the opposite. The United States must prepare today for tomorrow and for the future generations, prepare for the expectation that in fact a missile at some point or another will be launched against the United States of America, either intentionally or accidentally.

But once that missile is airborne, it does not much matter as far as the consequences of the missile hit. But it does matter if we are able to stop that missile, let us say, on its launching pad; and let us say we are able to determine it was an accidental launch, that somebody made a mistake, that some mechanism failed, and we were able to stop a war or we were able to stop American retribution, which you know because of our capabilities would be severe, harsh, and instantaneous; that we were able to avoid that because we had in place a system that was capable of stopping an attack against the United States.

So I urge every one of my colleagues, instead of playing the political rhetoric game, which I am beginning to see is fashioned for the benefit of the future generations of the United States of America. Try and put in place a vision that we can fulfill our leadership responsibilities and obligations and lead our country into some type of economic recovery.

NEGATIVE IMPACT OF PRESIDENT'S TAX CUT

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

Mr. PALLONE. Mr. Speaker, I want to respond to some of the comments that my colleague from Colorado made with regard to the economy.

Mr. Speaker, I do realize that we in Congress all have an obligation, certainly to the recovery, and there is, of course, a great deal of concern about the economy right now because of some of the indications we have had over the last week with regard to the stock market, with regard to some of the unemployment figures that have come through.

But, Mr. Speaker, I would be remiss if I did not point out, and this is really the gist of my comments this evening, I do not intend to use the full hour, but I need to reiterate once again the negative impact of President Bush's tax cut, the tax cut that was supported by the majority of the Republicans, who are the majority here in the House of Representatives, and which I think has had a very negative impact and certainly over the long term will have a very negative impact on the economy. And my fear is that it is going to lead to President Bush suggesting and the Republican majority suggesting at some point, if it has not happened already, that we dip into the Social Security Trust Funds in order to pay for ongoing expenses with the Congressional budget, with the Federal budget.

Mr. Speaker, before we had the 4 weeks when we as Members of Congress were back in our districts during August, during the summer, we had been told over and over again by the President and the Republican leadership that there was no need to worry about this tax cut, this huge massive tax cut that primarily benefited wealthy Americans, because we would have the tax cut and we would also be able to make sure that, even with the tax cut, that we would have enough money left over to pay for the national priorities that President Bush outlined, an education bill, a new defense initiative to make sure that the military was ready in the event of war, and also a Medicare prescription drug benefit. We could have the tax cut and we would also be able to have money left over for those national priorities.

We were also assured by the President and the Republican leadership that even with this massive tax cut that primarily favored the well-to-do, that we would have enough money for Social Security, that we would not dip into the Social Security and Medicare Trust Funds.

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Well, Democrats have been saying for over a year that none of those things were true; that the nature of the tax cut, the fact that it was so big, that what the President and the Republicans were proposing was so big, that it would basically make it impossible to not dip into the Medicare and Social Security trust funds and that there would not be any money left for any of those other priorities.

Well, we are here today. We went home at the end of July, early August, we came back, and lo and behold, the numbers have come back about the budget and what money is available; and the Congressional Budget Office, among other agencies, have told us that none of those things are true, that we have already dug into the Social Security and Medicare trust funds because of this massive tax cut that the President insisted on as the sort of milestone and the main thing that we wanted to accomplish in the first term of the President.

Just as some information, Mr. Speaker, the Congressional Budget Office, this is from about a week or so ago,
maybe it is 2 weeks now, the Congressional Budget Office confirmed what the Democrats have been saying for over a year, that the Bush tax cut is so big it is going to violate our Social Security and Medicare trust funds. According to CBO, the government will be taking $30 billion from the Social Security Trust Fund and $170 billion from the Medicare trust fund over the next 5 years. The President talked about how in 2001, this fiscal year alone, we were going to have the second biggest surplus in history. But this year alone, the government is actually in deficit and must tap Medicare and Social Security to fund just routine government operations.

If we listen to what President Bush is saying, he pretty much has said, well, we may have to tap into the Social Security trust fund. He has talked about, well, maybe this year, maybe next year, the deficit will deteriorate, that will be necessary. So I do not think there is any question, Mr. Speaker, that we are headed down that road.

It is a scary road because, first of all, I should point out before I talk about the negative consequences of this, the fact of the matter is, it could be a lot worse than even what the CBO is estimating now, because we have to remember that the Congressional Budget Office, in their making these projections that I talked about, these are baseline estimates, which basically assumes that there are no changes in spending. In other words, the CBO numbers do not assume that any of the other things that President Bush has talked about spending in this budget are going to happen, and it also assumes that the economy will pretty much stay the way it is rather than get any worse. If the economy worsens or if we tried to implement some of the things that President Bush has talked about, we could dig even further into the Social Security and Medicare trust funds.

I know that the gentleman from Colorado (Mr. McNulty), the gentleman who just spoke, said he does not really want to hear about this because after all, we are supposed to be united and we are not supposed to be bickering over who caused this problem. Well, it is not a coincidence. The Bush tax cut is the reason. In only 8 months, the President, President Bush has taken us from a situation where we had a healthy surplus that was basically built up under the 8 years of President Clinton’s administration and was a major contributor to the fact that the economy was booming, and in just 8 months, this fiscal situation has dramatically reversed itself because of the policies of President Bush.

Now, I am not saying that I do not want to take a little bit of blame. I want to lay the blame where the blame deserves to be placed. Things were good. The Federal Government was, for the first time, in surplus in the last 6 years of the Clinton administration. Now, in 8 months of the Bush administration, we are in a deficit once again. Now, let me talk a little bit if I can, Mr. Speaker, about the consequences of this, because there are a lot of different consequences. There are various aspects to what we are faced with here in terms of Federal policy and the negative consequences. I do not want to dwell on the negative, but because I want us to understand where we are so that we can do something about it in the future.

First of all, let me say I do not care what the other side says about this; the fact of the matter is that because we are now in this deficit situation, because of the Bush tax cut, we have destroyed any opportunity to spend any money on the national priorities that President and others have talked about.

If we listen to President Bush, he still talks about his education initiative and how there is going to be money now that is going to be put back to the States and local school boards and to the schools throughout the country that are going to beef up education. Let me assure my colleagues that the money is not there to pay for it. It is not going to happen. It is not going to happen unless we take the money from the Social Security trust fund. So I do not think it is going to happen.

Number two, the President keeps talking about his defense priorities. The gentleman from Colorado (Mr. McNulty) just mentioned a missile defense system. Well, I do not particularly like what the President is talking about in terms of a missile defense program; but whatever he is talking about, he talks about more money for the soldiers, he talks about more money for the missiles, and he talks about all of these billions of dollars that are going to be necessary to put us in a state of military preparedness. The money is not going to be there.

Mr. Speaker, these things are not going to happen. President Bush’s tax cut destroyed any opportunity to spend money on education or on defense. Most of all, because these are things that I hear most about from my constituents; and when I am home, as I was this weekend, they still talk to me about the high cost of prescription drugs and how they cannot afford it. If my colleagues on the Republican side are telling us that now they want to focus on what we can do to bring the economy back, certainly bypassing this tax cut and putting us in a deficit situation, they have made it much, much harder for us to achieve any economic recovery.

Now, my colleagues do not have to take my word for it. Basically, we know that over the last year or so, the Federal Reserve has aggressively lowered short-term interest rates, but long-term interest rates have barely moved. They are still high. It was interesting, because at a July Senate Banking Committee hearing, we had Alan Greenspan, the Fed Chairman, and he very specifically indicated that the Bush tax cuts impact on the surplus in future years has prevented a decline in long-term interest rates.

Mr. Speaker, a major reason why the economy was doing well during the Clinton era was because when President Clinton created a situation where there was a Federal surplus, it meant that the interest rates were low on their own, even without the Federal Reserve action; and it basically made it so that money was available. The Federal Government was not borrowing as much and taking money out of the system for lenders who wanted to use it in a deficit situation. We have factories so that they could build new factories and come up with new means of production and create more jobs. That drain that comes, the drain on the economy that comes from a Federal deficit situation, has a negative impact on the economy and make it much more difficult for us to recover because the long-term interest rates will remain high, because it will be more difficult to borrow and raise capital for new production and create new jobs.

At this Senate Committee on Banking and Financial Services hearing,
just to again reiterate that what I am saying is not pie in the sky, we had a little dialogue between the Federal Chairman Greenspan and Senator Sbaru (at the request of Mr. ROYCE) for today on account of personal business. Ms. CARSON of Indiana (at the request of Mr. GEPHARDT) for today on account of official business. Mr. DOOLITTLE (at the request of Mr. ARMLEY) for today on account of personal reasons. Mr. GRUCCI (at the request of Mr. ARMLEY) for today on account of his mother had a heart attack. Mr. ROYCE (at the request of Mr. ARMLEY) for today and September 11 on account of personal business.

SPECIAL ORDERS GRANTED

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

(THE FOLLOWING MEMBER (at the request of Mr. MCNULTY) to revise and