''POPULATION STILL MATTERS''

HON. CONSTANCE A. MORELLA

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mrs. MORELLA. Mr. Speaker, the first foreign policy vote of the 105th Congress may well take place in the first week of February. This vote will determine the rate of expenditure of appropriated funds for international population assistance. It will have a significant impact on the quality of life for men, women, and children all over the world. I place in the CONGRESSIONAL RECORD for the consideration of my colleagues an editorial from the Baltimore Sun that appeared Saturday, January 18, 1997.

POPULATION STILL MATTERS

Recent reports indicate that world population growth has slowed, and that is good news. But with the number of women of childbearing age increasing by 24 million each year, there needs to be a similar increase in the availability of voluntary family planning programs to maintain the slower rates of growth.

Unfortunately, Congress has put restrictions on U.S. aid to voluntary family planning programs, including unconscionable delays in releasing the funds. Next month, after President Clinton certifies that the funding delays are ''having a negative impact on the proper functioning'' of the programs, both Houses of Congress will have a chance to approve the finding. If they do, family planning aid can begin flowing again March 1, rather than waiting until July.

Congressional votes on family planning often get tangled up with abortion. But these votes, having to do only with the timing of the release of funds already appropriated, provide a clean vote on support for voluntary family planning. They have nothing to do with abortion.

Population growth in itself is not a bad thing. But without rises in incomes and purchasing power in the developing countries where most of this increase occurs, continued growth in the world economy could be threatened. And as population puts pressures on land, firewood and other rural resources, poor people flock to cities, creating even more stress on fragile water, sanitary and social service infrastructures. In developing countries, cities usually grow twice as fast as the population as a whole. Anyone familiar with Mexico City, Manila or any other megalopolis knows what that can do to the quality of life in urban areas.

But the strongest argument for family planning aid is the beneficial effect it has on the health of mothers and their children. Voluntary programs often provide the only reproductive health care available to women in developing countries.

By spacing their children two years apart, these women are able to increase the chances that their infants will survive, while helping them preserve their own health. About 600,000 women die in childbirth every year, leaving millions of orphans. And each year some 15 million pregnant women are left with debilitating injuries, infections or other complications. That is too heavy a toll to sacrifice to ideological posturing to please domestic constituencies.

PROFESSIONAL SERVICE TRADE CORPS ACT OF 1997

HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Ms. KAPTUR. Mr. Speaker, one key reform essential to assure strong economic growth in our U.S. marketplace as well as to reduce the chronic U.S. trade deficit, is to upgrade the skill level of our U.S. trade negotiators. America must move our products into foreign markets, and assure that our trade negotiators are trustworthy.

The bill, the Professional Trade Service Corps, would achieve these goals by creating an accomplished professional body of American trade negotiators. Just like diplomats in our Foreign Service, our trade representatives are America's conveyors of our Nation's economic and political interests.

Specifically, the act authorizes the creation of the Professional Trade Service Corps to fill key trade positions in the six Federal agencies with major trade-related functions or offices. It will insure better coordination and continuity of service among the Office of the United States Trade Representative, the State Department, the Commerce Department, the Agriculture Department, the Labor Department, and the Treasury Department in their trade-related functions.

We would not allow graduates of West Point to lead foreign armies against our country. We should not allow trade negotiators trained at taxpayer expense to leave Government service and represent foreign interests against the best interests of our Government. We must treat this situation as seriously as any international proceeding.

There is a revolving door at the highest levels of government service that foreign interests use to manipulate our trade policies and destroy U.S. industries and jobs. This bill will go a long way to establishing standards to remedy this egregious problem.

The Professional Trade Service Corps Act will create a cadre of career trade professionals similar to the Foreign Service, identify key trade-related positions, and staff these positions with broadly trained experts in this highly specialized area. Just as importantly, it establishes a career path for continued government service and advancement, encourages continuity of staffing with the carrot of incentives, and the stick of postemployment restrictions.

This corps of trade professionals will be constituted of applicants chosen through a rigorous selection process. They will be carefully trained to establish a high level of excellence in these key trade positions.

To meet these objectives, this act establishes a Trade Service Corps Institute to provide specialized training which will include: the history of U.S. trade negotiations; trade negotiating strategies; the economics and politics of trade; the cultural and business practices of countries with which the United States has significant trade relations; foreign language instruction; and instruction in the operations within and the interrelationships among the various trade-related agencies.

This act will require the Professional Trade Service Corps members to remain in government service for a period of time at least three times the length of their training, and subject them, as well as the legislative branch, to postemployment restrictions in their representation of foreign interests in trade-related matters.

It is time to stop the revolving door which threatens our trade interests and jobs. This bill is an important step in that direction. The Professional Trade Service Corps Act presents a comprehensive strategy for improving the quality and integrity of our trade negotiators. We must protect our economic and trade interests; to do otherwise is to compromise our national security.

Mr. Speaker, I urge the support of all of my distinguished colleagues and ask that they join me in cosponsoring the Professional Trade Services Corps Act of 1997.

INTRODUCTION OF HEALTHY START ACT OF 1997

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mr. STARK. Mr. Speaker, today, I am introducing a variation of a bill proposed in the last Congress by our colleague, Representative Sam Gibbons of Florida, to provide universal health insurance for all American children and their mothers during pregnancy. The bill, entitled the Healthy Start Act of 1997, will end the national disgrace of 10 million uninsured children under age 18 and American women going through pregnancy without health insurance and without adequate prenatal care.

The bill is an investment in the future: healthier mothers and their children will mean a better American work force and economy. This bill has a price tag—but it has a pay-out that is beyond calculation in dollars and in a better quality of life.

The bill would ensure that every child in America up to age 18 and every pregnant woman would have health insurance roughly equivalent to the Medicare package of benefits, enhanced with pregnancy, well-baby, well-child and EPSDT benefits.

The bill is very, very simple: If a family does not have this package of insurance through the private market or the workplace, they would be required to buy it. If they are below the poverty level, they would owe nothing. Above the poverty level, they would buy it on a sliding scale basis, with premiums paid through the tax system.

The bill is a form of individual mandate: each parent is responsible for doing the right thing by their kids—and the Government's role is to make it affordable.

We have business alone.

We allow people to buy private policies as an alternative.

We maintain freedom of choice.

We don't disrupt families who already have insurance and are happy with their policies.

The need for this type of legislation is eloquently described in Representative Gibbons introductory remarks, and I refer readers to page E1252 of the July 11, 1996, CONGRESSIONAL RECORD. The only difference between this bill and the original Gibbons bill is that my bill covers all children up to age 18, rather than age 13, and adds the EPSDT benefits as part of the required coverage for children.

I am also introducing today a bill for a refundable, phased-out tax credit to help parents buy a kids'-only health insurance policy. Frankly, I think the universal insurance bill that I've described in this speech is the ideal approach. It is a model of what a civilized nation ought to provide for its people. It is the platonic ideal of a bill—and it is also unlikely to pass in this Congress. The perfect should not be the enemy of the good, and therefore I am also proposing the tax credit legislation as a way to help children which is passable in the 105th Congress.

I remain firm in the faith that when our Nation's social conscious reawakes, the type of social insurance universal coverage bill I've described in this speech will become the law of the land.

SOCIAL SECURITY PRIVATIZATION—A RED HERRING

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mr. DINGELL. Mr. Speaker, I rise today to share with you the following article from the January 14, 1997, business section of the Washington Post. Written by Allan Sloan, this article accurately highlights some of the pitfalls with Social Security privatization. The golden goose, which some regard the stock market to be, may, in fact, be a red herring. Mr. Speaker, I ask that the above-referenced newspaper article be printed in the RECORD at this point.

IN STOCKS AND SOCIAL SECURITY, A FREE LUNCH IS PURE FANTASY

If you're so worried about Social Security that you stay awake nights, cheer up. A solution is at hand. To ensure a good night's slumber, sit down at bedtime with the report issued last week by the Advisory Council on Social Security. This 752-page, two-volume opus is so complicated, technical and jargon-laden that it makes your average computer instruction manual look like a comic book.

By now, you're probably over-familiar with the details. The council, formed in 1994, was expected to propose rescuing Social Security by raising taxes and trimming benefits. Surprise! Instead of relying on this traditional but painful fix, the council proposed to ''reform'' the system's retirement and disability programs by betting trillions of dollars on stocks. That's trillions, with a ''t.''

Talk about the temptations of a bull market. Rather than bite the bullet on Social Security, we can all chow down on a free lunch. Stock market profits will keep baby boomers fat and happy in retirement; Generation X's taxes won't go through the roof to make the boomers' golden years glorious.

But you know what? It's all fantasy. Lots of Americans favor putting some of the funds into stocks. But if we're silly enough to try it, it won't work. Let's back up a bit before explaining why.

The free lunch proposed by the council comes in three varieties, because the members couldn't agree on the most appetizing dish. The first would make the federal government the world's biggest stockholder. The second would establish a new 1.6 percent tax on Social Security-covered wages and require people to invest the money in one of a half dozen or so government-sponsored funds. The third would require people to save 5 percent of Social Security wages in accounts holding any kind of publicly traded securities they wish, would have Uncle Sam borrow as much as $7 trillion to pay benefits to make up for the money that would be invested rather than redistributed to retirees, and would finance it all with a 1.52 percent tax on top of the existing 12.4 percent tax.

Let's concentrate on the idea of putting the Social Security fund in stocks, which seems more likely to be taken seriously in Washington than the forced-savings approaches.

What all three plans have in common is that they would throw us willy-nilly into a high-stakes game of retirement roulette, betting the nation's financial future (or the futures of millions of individual retirees) on the stock market. The council didn't start out to do this. Initially its members tried to agree on a cuts-and-taxes fix. But some members feared that sharp tax increases and benefit cutbacks would erode Social Security's political base by making people think the program is a lousy investment.

How did the council's biggest faction—6 of 13 members—decide to put 40 percent of the Social Security fund in stocks? ''That's the amount that makes things come out,'' says panel member Robert Ball, the former Social Security commissioner who's pushing this plan hard.

Ball says it's perfectly safe for Social Security to have its money in the hundreds (or thousands) of stocks that make up an index such as the Standard & Poor's 500 or the Russell 3000. Why does Ball say that's safe? Because unlike individual investors, the government won't panic during downturns or be forced to liquidate its holdings at low prices to generate cash.

Unfortunately, he's wrong. The Treasury would in fact find itself a few trillion dollars in the hole if stocks merely rose at a rate lower than the council projects.

Here's the problem. In a triumph of statistic over common sense, the council's plans all assume that stock prices will rise more quickly than they have in the past. A dubious prospect, considering that stock prices already are at such nosebleed-high levels that even many bulls have gotten nervous stomachs.

Anyone who has studied financial history, even a little, gets very nervous when people confidently predict what stock prices will be in 75 years. Betting that stock prices will keep rising rapidly because they have been rising rapidly ''is like the guys on Noah's ark projecting six more weeks of rain on the 39th day,'' says Joseph Rosenberg, chief investment strategist at Loews Corp. and one of Wall Street's most respected investors. ''You can't believe how dumb a government can be.''

Rosenberg points out that stocks don't necessarily spring back quickly from deep drops the way they did after the 1987 market crash. Stocks didn't regain their 1929 highs until 1954, Rosenberg notes, and it took almost 10 years for stocks to match the highs they reached in 1973.

But even absent a 1929 or 1973 disaster, stocks aren't likely to make the money the council projects.

Here's why. Combining several different assumptions, the council projects that inflation will be 4 percent a year, bonds will yield 2.3 percentage points more than inflation and stocks will produce 7 percent more. That works out to 6.39 percent for bonds and 11.28 percent for stocks, says Stephen Goss, deputy chief actuary of the Social Security Administration. The stock number includes capital gains and reinvested dividends.

Now, 11.28 percent a year may not strike you as a big hurdle, given that stocks earned three times 11.28 in 1995 and twice as much last year. But it's a huge number. Consider Corporate America's expectations of the market. Greenwich Associates, a consulting firm, says the corporate pension managers it surveyed expect stocks to average 9.6 percent annually for the next five years.

Maybe my harping on the 11.28 percent projected return for stocks is wasting your time. But look what happens when numbers differ by small amounts over decades. Let's compare the 11.28 percent a year the council projects with the 10.71 percent a year that Ibbotson Associates says stocks earned from 1926 through 1996, a 71-year period.

Do the math—don't try it without a compounding calculator—and you see that $1 invested in 1926 had become $1,372 by last Dec. 31. But if stocks had earned the council's projected 11.28 percent, our dollar would have grown to $1,975. A big difference, eh? It means that if stocks rise for the next 71 years at the Ibbotson rate instead of the council's rate, Social Security's stock portfolio would be worth 30 percent less than the council projects.

What terrifies me and many Wall Street types is the prospect of the government pounding into the stock market running prices to the moon with automatic buying, and then having the market crash on us for some reason that we can't yet foresee.

It's one thing for someone like me, who makes a very good living, to bet on the stock market. I can afford to lose. But betting the federal budget on stocks is madness. And forcing millions of people who don't know stocks from smocks to let the market determine whether their retirement dinners will consist of cat food or caviar doesn't seem like the way we should treat people. If we're going to fix Social Security, let's do the boring, painful things that we know will work. And let's try to remember the prime rule of economics. There ain't no such thing as a free lunch.

TRIBUTE TO ROBERTA STANLEY

HON. JOSEPH P. KENNEDY II

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 4, 1997

Mr. KENNEDY of Massachusetts. Mr. Speaker, one of the pleasures of serving this body, is the opportunity to recognize outstanding individuals from across the Nation. It is with great pride that I rise to congratulate Mrs. Roberta Stanley of Waltham, MA, who will be honored today by the Waltham and Greater Boston Business and Professional Women's Club.

I have had the privilege of knowing Roberta Stanley for many years and can attest to her outstanding community activism. She has distinguished herself through her exceptional commitment to helping those in need. In addition, her dynamic leadership and participation in public service, such as serving as a member of the Democratic city committees, has made the city of Waltham a better place to live.

Mr. Speaker, I am sure that I speak for everyone who has either worked with Roberta or benefited from her work when I offer my warmest congratulations and best wishes on this special day as she is honored for the many contributions she has made to the community.