range of human rights issues, and I look forward to continuing to do so in the future. I also thank the Greek-American community for holding Members of Congress to a high standard, and supporting the work that we do in the Congress. This is a special day for all of us—I look forward to celebrating it every year and sending fondest good wishes to Hellenes all over the world.

PRIVATIZING SOCIAL SECURITY

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1997

Mr. CRANE. Mr. Speaker, the Social Security system in the United States is headed toward bankruptcy. Neglecting to discuss fundamental reforms of this program, will only lead to last minute band-aid solutions, which means Congress will be back dealing with the issue again, sooner rather than later. Instead of deciding how best to extend Social Security's solvency, past arguments in Congress have sadly focused on blame shifting between political parties—more about who is trying to cut Social Security and less about how to save Social Security.

I am inserting an article in the RECORD which was published in the Wall Street Journal, that includes several ideas for privatizing our Social Security System. While some may be unsure that privatization is the long-term solution to Social Security, I submit this article in the hope it will generate discussions on this issue. I hope my colleagues have a few minutes to review this article, and will look at fundamental reform of Social Security as the only way to truly address the issue at stake:

[From the Wall Street Journal, Jan. 16, 1997]

SOCIAL SECURITY PRIVATIZATION IS HERE

(By E.J. Myers)

The report issued last week by President Clinton's Advisory Committee on Social Security has confused more than a few concerned citizens—not just because of its heavy dosage of technical jargon, but also because the committee itself was incapable of reaching a clear consensus on what to do about Social Security. And now there are serious questions about whether the technical jargon spun out by the committee is even worth the graph paper it's printed on. It appears that the old adage about a camel being a horse put together by a committee was right on target. And when that committee is based in Washington, the camel is likely to end up with three humps.

While Washington may be incapable of putting together a solution for a problem of its own making, the rest of us don't have to give up on Social Security reform. In fact, from Thomas Jefferson to Howard Jarvis, Americans have a long tradition of trumping central government dictates with local solutions that work. And in south Texas, along the windswept Gulf Coast, there are three history-filled counties—Galveston, Brazoria and Matagorda—that years ago put into effect Social Security privatization plans that Washington policy wonks still haven't even conceived of.

BEAUTIFUL SIMPLICITY

Until the early 1980s, state and local governments had the right to opt out of Social Security and establish their own retirement systems for public employees. This option was provided by the Social Security Act, passed in the 1930s.

Galveston County looked into this idea in 1979. Then-County Attorney Bill Decker asked Don Kebodeaux, president of First Financial Capital Corp. of Houston, to devise a plan for the county's employees to opt out of Social Security. Mr. Kebodeaux and First Financial's Rick Gornto designed a retirement plan that was many times better than Social Security program. In 1980 they presented their plan to former Galveston County Judge Ray Holbrook, County Attorney Bill Decker and the Commissioners Court, the county's administrative body.

The first beauty of the plan was its simplicity. The 6.13% payroll tax that the federal government had been taking from county employees for Social Security would now go into the employees' pension fund and would be matched by the county with an additional 6.13%. The new plan included the same employee benefits Social Security did: pensions and life and disability insurance. In recent years the county has increased its participation to 7.65%, which covered the payments of all premiums for life and disability insurance. The life insurance benefit for those under age 70 is 300% of one's annual earnings; the minimum benefit is $50,000 and the maximum $150,000.

The local unions fought the idea at first, and several Galveston County officials also opposed the action. Many spirited debates between Social Security representatives and the men from First Financial were held throughout the county; county employees listened carefully and made sure they got answers to all their questions. Voting on the question was held in 1981. By a resounding margin of 78% to 22%, the Galveston County employees endorsed the idea and the county opted out of Social Security.

Years later, a retired Mr. Decker told the story of how a number of unionized county workers thanked him for his wisdom and guidance. They said that at first they had serious doubts about giving up Social Security's guarantee of fixed income, but that now that they were getting ready to retire with significantly higher benefits, they were very happy they did.

''Of all the things I accomplished while county judge, setting up this retirement system for Galveston County employees is one of my proudest achievements,'' says Judge Holbrook, who retired in 1994. He points out that after just 12 years of service under the alternate plan he is now receiving twice as much as he would have under Social Security.

Seeing the tremendous potential in a plan like Galveston's, in 1982 Brazoria County opted out of Social Security in favor of a similar plan. A year later Matagorda County did, too. Both of these counties made their employees' contributions 6.7%, improving a great retirement plan by providing for even greater returns.

Tolbert Newman, the First Financial fund manager who oversees the retirement plans for these three counties, cites the following example of the growth that can be achieved in such an alternate pension fund. If an individual begins working at 25 years old and makes a $2,000 annual contribution for just 10 years, assuming an 8% interest rate, he will have $314,870 when he retires at age 65. If an employee works continuously for 40 years, depending on contributions, his portion of the pension fund could be more than $1 million.

Galveston's once-fledgling employee benefit plan has stood the test of time, showing that it can and does outperform Social Security. Today, with more than 5,000 employees from these three counties, First Financial has grown a very healthy and sizable portfolio. Those who retire after 20 years of service will receive three to four times the monthly benefit they would have under Social Security.

This plan is not just an isolated act by a group of extraordinarily responsible and dedicated Texans. In 1937 the Houston Fire Department set up its own retirement system, which now has more than $1 billion in assets. Retired firefighters receive more than three times the amount Social Security pensioners do. There are countless other examples of other local and state governments showing the same responsibility and initiative. Five states have opted out of Social Security and have their own plans: California, Nevada, Maine, Ohio and Colorado.

Congress knows that privatization will succeed—or it should know. In 1984 it set up the Thrift Savings Plan, for government employees only, whose ''C'' Fund is administered entirely by Wells Fargo Funds and has succeeded well beyond anyone's imagination. The plan's three funds today total more than $28 billion. Under the Thrift Savings Plan, if an employee making $35,000 per year invests 10% of his pay each year, after 30 years he will have more than $1.2 million in the retirement fund.

In August 1996 Frost Bank of San Antonio published a survey on Social Security in which 40% of its respondents strongly supported retirement accounts consisting of stocks and bonds and 55% opposed raising payroll taxes.

If Social Security were privatized for all Americans, those who work in the private sector, including the self-employed, would benefit as never before. Phasing out the employer's share of the Social Security tax would, over time, return to the business community more than $169.2 billion per year. Freedom from these payroll taxes would be a tremendous boon to the economy, allowing the creation of countless new jobs in every sector.

A WINNER FOR DECADES

''We currently pay over $1.3 million in matching Social Security taxes annually,'' says Larry N. Forehand, president of the Texas Restaurant Association and founder of Casa Olé Mexican Restaurants, a fast growing Texas restaurant chain. ''If our company had that $1.3 million a year to invest in new locations, we could build six additional restaurants, employ an additional 450 people and add $7.2 million to the economy every year. It is estimated that all the restaurants in Texas will save $1.2 billion per year.''

Privatization has been a winner for decades for various government entities. It's time to extend the benefits to all.

THE MICROCREDIT FOR SELF-RELIANCE ACT OF 1997

HON. AMO HOUGHTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1997

Mr. HOUGHTON. Mr. Speaker, I rise today with my good friend and colleague, TONY HALL, and a bipartisan group of over 20 other Members, to introduce the Microcredit for Self-Reliance Act of 1997.

The goal of this bill is to help impoverished people around the world achieve dignity and economic independence for themselves and their families through microenterprise—a program designed to help provide people with small, low interest loans to start a business and bring themselves out of poverty.

Specifically, the Microcredit for Self-Reliance Act is a vehicle through which the United