months, before the cow is back on a regular production cycle. In the meantime, the farmer has lost critical production.

Our initial hope that the federal disaster declaration would speed assistance to our farmers was soon shattered as it became clear the Farm Service Agency's primary form of assistance was low interest loans. I was shocked. Federal programs to replace livestock losses or dairy production are either expired, do not apply to dairy farmers or non-existent. To these dairy farmers, many of whom are already operating on the margins due to a 20 year low in milk prices they are paid, the low interest loan program wasn't even an option. They simply can't afford it. Loans ain't gonna cut it for these folks.

The situation reminds me of a story of a guy who goes to see the doctor because he's not feeling very well. The doctor takes some tests and tells him to check back in a week. The guy goes back to see the doctor and the doctor tells him he has good news and he has bad news for him. The guy says, ''Gosh, I guess I should have the good news first to prepare me for the bad news.'' The doctor says, ''Okay, the good news is: you have three days to live.'' The guy says, ''if that's the good news, then what on earth is the bad news.'' The doctor says, ''the bad news is: I've been looking for you since yesterday to tell you.'' The story reminds me of the North Country right now because there hasn't been a lot of good news for the folks up there lately and what news there has been, hasn't been that good.

The maple syrup industry is also a critical component of the North Country's economy. The ice wreaked havoc on our maple trees causing either complete destruction or such severe damage the trees are effectively useless to the owner. Once again, final figures are still being compiled, but losses will run into the millions. I ask my colleagues to remember that it can take upwards of 40 years for a maple tree to reach maturity. In short, the North Country's maple syrup industry is crippled for the foreseeable future. To those who savor the simple pleasure of real maple syrup on your Sunday morning pancakes, get used to the imitation stuff.

The bushes which produce maple sugar, another important North Country commodity, were destroyed by the ice. In addition, Christmas tree farms and other tree farms sustained crippling damage. It will take years, if not decades, before the trees are restored and production reaches pre-ice storm levels. For these tree farmers, their livelihoods are as flattened and splintered as their trees.

Mr. Speaker, I could go on and on itemizing the destruction caused by this storm. Suffice it to say, it is widespread and long-term.

Further compounding the suffering many of my constituents have endured in the wake of this storm is the lack of Federal assistance programs available to many of our storm victims. Although the initial response to the disaster by the Federal government was swift, and at this point I should like to commend the Federal Emergency Management Agency (FEMA) and its New York State counterpart, the State Emergency Management Office (SEMO), for their efforts, it has become evident there are significant gaps and shortfalls in assistance programs, especially those for dairy farmers and small businesses.

In cooperation with my colleagues from the three other states targeted by this storm, we are identifying those areas most in need of assistance and working with Appropriations Committee staff to craft the appropriate language to meet those needs. Of top priority will be a dairy indemnity program to reimburse the farmers for the milk they lost. In addition, a livestock indemnity program is needed to help finance the loss of livestock from the storm, be it from weather or from illness caused by the power outages. Another priority will be a program to finance the replacement of trees destroyed by the storm. In the aftermath of this disaster, it is readily apparent that many Federal assistance programs are simply not adequate to meet their needs. I intend to work closely with the members of the three other state delegations and the appropriate committees to institute these changes.

Mr. Speaker, I do not wish to close these remarks on a note of doom, gloom and despair. I am immensely proud of the North Country's response to the storm. Once again, in the face of another adversity thrown at us by Mother Nature, and I must admit, this is starting to get old, the residents of the North Country pulled together and weathered the storm, figuratively and literally. In instance after instance, communities rallied together. Neighbors took care of neighbors, strangers came together and worked together as a team. Community and civic groups turned their posts or clubhouses into shelters or food pantries. Without being asked, these organizations took it upon themselves to come to their communities' assistance. Many incurred costs of several thousands of dollars in renting or operating generators or purchasing food. I am hopeful that all of these costs will ultimately be reimbursed. In short, it was a community effort and in a strange manner, it may well have been the North Country's finest hour.

Now that the immediate urgency of the crisis has passed, we must work together to ensure that all those who sustained losses from the storm are afforded the assistance necessary to begin the rebuilding process and be made as whole again as possible. The mission before us will be difficult, at times frustration, and certainly long, but I am hopeful that with the goodwill of the Members of this body, we will soon accomplish this task.

Mr. Speaker, I wish to once again thank the gentleman from Maine for this time and hope the lessons learned from this experience will better prepare us for nature's next challenge.

AMERICA'S MOST IMPORTANT ISSUE: SOCIAL SECURITY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Wisconsin (Mr. NEUMANN) is recognized for 60 minutes as the designee of the majority leader.

Mr. NEUMANN. Mr. Speaker, first I would like to address the discussion that has been going on here on the floor so far. I think as we see the floods all across America and the ice storm certainly that hit up in Maine, I know the folks in our district are willing to lend a hand, as well as in a lot of the other parts of the country.

But as we begin this debate about a supplemental spending bill, that is spending outside the normal spending in Washington, I think it is very important that we do not just go and blow in the taxpayers' money; that we do not spend money without thinking where it is coming from.

Mr. Speaker, I would encourage my colleagues who are involved in this conversation that they find other areas of government that are less important and in order to provide the funds, the very needed funds there in Maine and in some of these other places across the country, I would like to encourage my colleagues to find other parts of the budget that are less important. And Lord knows, there is plenty of wasteful spending in this budget.

Find some of that wasteful spending, knock out the wasteful spending, and let us redirect those savings, the dollars we do not spend, into the programs that are necessary to help some of these people around the country. But for goodness sakes, let us not just go spend more money without knowing where it is coming from.

The only thing many folks like myself would ask is that we reprioritize our spending to take care of some of these areas that are in need of help in view of some of the floods that have occurred, whether it be California or Florida, or the ice storm up in Maine. Let us do what they need, but certainly let us find other programs where we do not have to spend the money in order to make up for it, as opposed to just going out and spending more of the taxpayers' money.

Mr. Speaker, I would like to turn our attention to what I think is the most important issue facing America today, or at least one of the most important issues, and that is Social Security. I would like to dedicate a good portion of this hour to Social Security, how it fits into the big budget, and where we might be going to solve some of these problems facing our Nation today as it relates to Social Security.

□ 1330

First off, I think it is important that we understand the Social Security system and what is going on. For anybody out there in America or my colleagues, they are all paying taxes into the Social Security system. I think it is important that we understand how many dollars are coming into the Social Security system each year.

What I brought is a chart that shows the total revenues in the Social Security system this year is $480 billion. The total amount that we are sending back out to our seniors in benefits is $382 billion.

If you think about this like your checkbook and just for a second forget the billions on the end, if you have $480 billion in your checkbook and you only spend $382 billion or $382, that works out pretty well. In fact, you still have money left in your checkbook.

The Social Security system today is working; that is, it is collecting more money than what it is actually paying back out to our senior citizens in benefits. The idea in this system is that

they collect this extra $98 billion. They put it into a savings account. They put that savings account money aside, and it grows and grows and grows, because, eventually, and it is not very far down the road, the baby boom generation gets to retirement.

When the baby boom generation gets to retirement, this top number, the revenues becomes smaller than the bottom number, the expenses. When the expenses are greater than the revenues, the idea was we were supposed to be able to go to this savings account, get the money out and make good on our promises to pay Social Security to our senior citizens. That is how the system is set up, and that is how it is supposed to work.

Every year since 1983, the situation has been much like this one, where there is more money being collected out of the taxpayers' paychecks than what is being paid out to our senior citizens in benefits. As a matter of fact, since 1983, we were supposed to accumulate this kitty or this savings account of about $700 billion. That is how much is supposed to be in that trust fund right now, today.

When I am out in Wisconsin and I ask the question does anybody want to take a shot in the dark what Washington has done with the $98 billion, I always get a snicker in the audience. It does not seem to be any big surprise when we talk about what is going on here in this city.

That $98 billion that is supposed to be going into a savings account to preserve and protect the Social Security system here is what is actually going on. They take the $98 billion; they put it into the government's general fund. You can think of that like the big government checkbook that they pay all their bills out of it.

So they take the $98 billion. They put it in the big government checkbook. Then they write checks out of the big government checkbook, and there is no money left at the end of the year. As a matter of fact, until this year, every year they overdrew even this checkbook. That is what you have been hearing about, is the deficit.

It is important to understand that when Washington says they are going to balance the budget, that that $98 billion that has been put in here from Social Security has been spent out of that checkbook.

So the facts are the government is taking the $98 billion, putting it in the big government checkbook, spending all the money out of the big government checkbook. Of course, that means that at the end of the year there is no money left to go down here into the Social Security Trust Fund.

As a result, what Washington does is they simply write an IOU to the Social Security Trust Fund. When you hear Washington talking about whether or not the budget is balanced, that is this circle out here, and it is using that Social Security money that is supposed to be down here in the Trust Fund.

In the private sector, if anybody tried to do this with pension funds, if anybody was running a pension where $98 billion or $9,800 was supposed to go into the pension fund but, instead, they put it into their regular checkbook, they would be arrested. This would be illegal in the private sector. In Washington, D.C., this is a practice that absolutely must be stopped.

Before we are too hard on the people out here, let us understand that this idea of balancing the budget in this circle, even though it uses the Social Security money, even that has not been done since 1969.

So what has happened in the last 3 years is a good step forward. At least they have got that part balanced. But it absolutely does not solve the problem as it relates to Social Security.

Now, some have been hearing the President's State of the Union and some of the things that have been said since the State of the Union where they are now saying that that they are going to take all of these surpluses and dedicate those surpluses to Social Security. It is important to understand exactly what they are saying and what they mean.

First off, the surplus is whatever happens to be left over in this checkbook at the end of the year. We will put $98 billion of Social Security money in there, and they call it a surplus if there is anything left over at the end of that 12-month period of time.

What they are saying is that leftover is going to be used to preserve Social Security. In and of itself, that does not sound bad. It sounds like a good step at least in the right direction, albeit not what we ought to be doing.

The problem is they are not even doing that. You see, this Social Security debt, this $700 billion of IOUs that are down here in the Social Security Trust Fund, that is part of the much larger debt, the $5.5 trillion debt that has been run up for our Nation. $5.5 trillion is about $5,500 billion. Seven hundred of that billion dollars belongs here.

But when you actually look at what is being proposed, they are not actually saying they are going to pay off some of these IOUs and put real money down in the trust fund. What they are actually saying is they are going to pay off some of that other outstanding debt. In fact, not even the surplus gets down here to the Social Security Trust Fund.

So the fallacy that somehow the surpluses are going to solve the Social Security Trust Fund problem is just baloney at this point in time. It is just plain baloney. I cannot think of any better way to describe it.

Again, what is going on today, there is more money coming in than what is going back out to seniors in benefits. $98 billion is being put in the big government checkbook. All the money is being spent out of the big government checkbook, and they are simply putting IOUs down here in the Social Security Trust Fund.

Now, lest anybody think that nobody in Washington is paying any attention, some of us are. We introduced legislation in our office. It is called the Social Security Preservation Act. It is H.R. 857.

Here is what it does. It is very, very simple.

It simply takes the $98 billion and directs it straight to the Social Security Trust Fund. It prevents it from going into the general fund. It prevents it, then, from being computed in the overall budget computations. It simply takes the pension money and puts it in the pension fund.

When I am out in Wisconsin and say how many people think this is a good idea, I have not found a single audience anywhere where every single hand does not go up.

You see, when we are working with the young people, like, for example, my son, who is 15 years old and mowed lawns last year, he earned $2,000 mowing lawns. He paid $300, roughly, into the Social Security system out of his $2,000 of earnings.

Now, for a 15-year-old to be paying $300 into Social Security, that is pretty tough; and a lot of people think we ought to be doing something about that. But my point would be, until we actually get some real dollars down here in the Social Security Trust Fund so that our present seniors are safe and secure and the people that are in their forties and fifties get to a point where they can actually count on the money being there in Social Security, I do not think you can make the other changes in the system that many people out here in this city think are necessary and logical.

I think most Americans would agree that it does not make a lot of sense for a 15-year-old to be required to pay $300 into the Social Security Trust Fund. But the problem with making that change today is it puts seniors in jeopardy because there is no money currently in the Social Security Trust Fund.

So where are we going with this Social Security issue and what do we really need to do to solve it?

The first thing we need to do is pass the Social Security Preservation Act. The Social Security Preservation Act would take the surplus funds that are coming in this year and put those funds correctly into the Social Security Trust Fund.

I want to be a little bit technical for my colleagues as to exactly how this would happen. Today, those IOUs are nonnegotiable, nonmarketable Treasury bonds; and all we are suggesting is that, instead of buying nonnegotiable, nonmarketable Treasury bonds, we simply buy negotiable Treasury bonds, the same thing that any American citizen can walk into the bank and buy.

Why would you do it that way as opposed to any other way? Well, a Treasury bond is a safe, secure investment.

When the shortfall occurs, when those numbers we looked at on the other chart turn around and there is not enough money coming in and too much money going out, when that shortfall occurs, we need to be able to sell the assets. A negotiable Treasury bond can be sold at any bank in America.

So the idea is you put a negotiable Treasury bond into the Social Security Trust Fund. Now you have real assets in there so today's seniors are safe and secure. Then we can begin the discussion of the young people in this great Nation having some other options if they so desire.

Again, I point to my 15-year-old who went out and worked his tail off, earned $2,000 and found out he owed $300 to the Social Security Trust Fund.

But first we need to make sure that we have real assets in that account so today's seniors are safe and secure.

The bill, again, that I have introduced is the Social Security Preservation Act. It is H.R. 857. I would strongly urge my colleagues to join us in this. It is something that people from all over the country have called and talked to us about, and I am sure that is going to continue as we move forward. We have got about 90 cosponsors on it right now, and we would hope to see that number grow as this debate goes forward.

I have one other chart here that, again, illustrates the President's discussion and what we are starting to hear out here. I encourage my colleagues not to be misled by the smoke and mirrors that has been put out of this city for years.

Out of this city, for years, we have been telling people there is a Social Security Trust Fund. That is wrong. Day one when I got here, I knew that was wrong; and we started fighting to end this practice.

Today the new smoke and mirrors game has put the $98 billion into the general fund. Spend all the money you want to out of the general fund, and whatever is left over they say is going to Social Security. But, remember, it is not coming into the Trust Fund. It is really simply going to pay additional revenues.

I would just like to point out that, even under this system, any spending that goes out of this account effectively reduces the amount of money that is left over for Social Security. The reason I point that out is because, when we look at the proposal that is coming forward, and I am now talking about the President's budget, but let us make no mistake, this is not like it is a partisan thing that obviously one side proposes new spending. Any new Washington spending program effectively reduces the availability of funds for Social Security.

I have a list here of new spending that is being proposed currently in Washington, D.C. These all happen to be in the President's plan, but I guarantee you will see people from both sides of the aisle supporting this new spending: their new child care program, $12.2 billion; new schools, $6 billion; new teachers, $5.1 billion.

I know a lot of folks out there are going, hey, Mark, those things look like good things: new schools, more teachers, child care for working families. I mean, gosh, those are all good things. Do we not want to do those things in this country?

We need to understand what is being proposed. What is really being proposed, and let us just take the new schools. That is a classic example. What is really being proposed is that Washington, the United States Government, reaches into the taxpayers' pockets. They bring the money out here to Washington, and then the people here in Washington decide where it is that we should build new schools in America.

Would it not be better if, instead of Washington getting that money out here, spending 40 cents on the dollar in the bureaucracy, and then Washington making the decision of which school district is going to get help, would it not make a lot more sense to leave the money out there in the hands of the people in the first place so they get a dollar's worth of new schools for the dollar that they are paying in taxes?

If a community needs a new school, then the parents and the teachers and the school board and the folks in the area ought to get together and build a new school.

I know in the district that I am from that a lot of our school districts have done exactly that. In our home district, Janesville, I know they just built a new middle school. Burlington built a new school. The folks in our district care about education, and so do I.

What I do not want to see happen is Washington, the government, reaching into the pockets of people, bringing the money out here to Washington and spending 40 cents on the dollar in the bureaucracy and then Washington making the decision as to who is going to get help and who is not going to get help. That is not the way it ought to work. It ought to be that the people make those decisions for themselves and the people in their local communities make a decision as to how many teachers they wanted or how many new schools they want.

Let us just look at child care. Let us look at another way to deal with the child care issue.

Would it not be much better if, instead of Washington taxing people and getting the money to Washington, that instead of that, getting that money out here and spending 40 cents on the dollar in the bureaucracy, would it not be a whole lot better if Washington just said we are going to tax all of our families less? The government says we are going to tax our families less, leaving more money in their homes.

In fact, that is exactly what happened last year. Last year, in the tax cut package, the decision was made that, rather than develop some new program called Washington-run child care, that we would, instead, leave $400 per child under the age of 17 out there in the homes and in the families.

So instead of Washington collecting the money, spending it on a bureaucracy and deciding where it should go back to, Washington simply said to the working families, for every child under the age of 17, keep $400 out there, and you decide whether that $400 is best spent for new shoes or whether it is best spent for child care.

Instead of Washington making the decision after losing lots of the money in the bureaucracy, the people are making the decision. The families are making the decision. Is that not a much better way? I guess it all depends on who you believe is best prepared to spend the people's money, the people here in this city or the people out there in America.

With that, I am going to switch. I want to stay focused just a little bit on what Washington means by a balanced budget, because that is absolutely essential in terms of understanding the problems that we have here in this city as it relates especially to Social Security.

Washington's definition of a balanced budget is that the total dollars being collected from the taxpayers is equal to the total dollars that Washington spends. Remember, some of those dollars we are collecting from the taxpayers are for things like building roads.

So when you fill your gasoline tank up and you pay a Federal tax on that gas tank, part of that money is dollars coming into Washington. Those dollars aren't even being spent to build roads. Part of that money is Social Security money.

So when they add up all the dollars coming in and they look at all the dollars going out, if those two numbers are equal that is called a balanced budget in Washington.

Now, as this relates specifically to Social Security, remember that part of those dollars in is $98 billion extra coming in for Social Security. So we need to be very concerned that we do not get confused of what we mean by a balanced budget or a surplus.

I, again, am going to show the President's numbers since the other budgets have not been produced this year, but the other budgets are basically the same.

The President's budget says in the next fiscal year that we are going to have revenue of $1,743 billion, and we are going to have expenses of $1,733 billion. That, of course, leaves a $10 billion surplus.

But I want to show you the fallacy in talking to the American people this way. The fallacy is that, if you take Social Security out of the picture, the revenues are now $1,241 billion; and, remember, the difference in these two pictures is that we have set Social Security aside.

□ 1345

When we take Social Security out, the revenues are $1241 billion, the expenses are $1337 billion, and instead of talking about a surplus, we actually have a shortfall of about $96 billion. The facts are that today when we talk about dollars in equal dollars out, that is the Washington definition of a balanced budget and before we are too hard on them, remember they have not even balanced the budget that way since 1969, but let us also remember that we have a long ways to go before we start accepting this concept of new Washington spending programs. Let us remember that whenever there is a new Washington spending program initiated, that it is simply going to make that bottom line worse. We have a long ways to go in this great country of ours.

I have brought with me a few more pictures here. I always believe a picture is worth a thousand words. Whenever I am out in Wisconsin, they would much rather have a picture than a thousand words. Most people do not want to listen to a politician give them a thousand words. These pictures help us understand some of the seriousness and severity facing our country. When I talk about this next chart I get very serious about it because this is a serious problem facing America. What I have on this next chart is how the debt facing our Nation has grown from 1960 through 2000, including the projections through 2000. One can see, looking at this, from 1960 to 1980 that the debt facing our country did not grow very fast. But from 1980 forward it has grown off the wall. If we hope to have a future in this great Nation that we live in, if we even hope to have a future in this country, we have got to stop this growing debt. We are here on this chart right now today. It is a very serious problem facing our country.

Now, I said 1980. I know all the Democrats out there are going, ''Sure, that was the year Ronald Reagan, the Republican, took office and it is the Republicans' fault.'' I know all the Republicans out there are going, ''Those Democrats spent like crazy in the 1980s. And because they spent so much money it is the Democrats' fault that we have this picture to look at.'' I would like to point out that it does not matter whose fault it is at this point and whether you are Democrat or Republican, I think it is our responsibility as Americans to solve these kinds of problems facing this country if we hope to preserve this Nation for future generations.

Looking at this picture, knowing that we are way up here on this chart, should encourage us to do the right thing as we look at the budgetary matters going forward. I also wanted people to see the actual number that is involved because it is a pretty staggering number. The United States government is now $5.5 trillion in debt. That is, they have spent $5.5 trillion more than what they were willing to collect from the American taxpayers in taxes, basically over the last 15 years. Let me translate that number, since that number is so big, into something that makes a little more sense. If we take that $5.5 trillion and divide by the people in the United States, we would find that every single American, man, woman and child, is now responsible for $20,400 of debt. For a family of 5 like mine, I have 3 kids and a wife at home, for a family of 5 like mine the United States Government has borrowed $102,000. Again, basically this has all occurred over the last 15 years. It is a staggering, staggering sum of money. The kicker in this whole picture is that we are paying real interest on this money. The real interest that we are paying amounts to $580 a month for every group of 5 people. It is being paid. It is being paid by collecting taxes from the American people. Every month every group of 5 people in America pays $580 to do nothing but pay interest on the Federal debt. It is an absolutely staggering number when we think about it. A lot of people do not think they pay that much in taxes. But the fact is every time you walk in the store and do something as simple as buy a pair of shoes, every time you do something as buy a pair of shoes for your kids, the store owner makes a profit on that pair of shoes and part of that money actually gets sent to Washington, D.C. in taxes. One dollar out of every $6 that Washington spends does absolutely nothing but pay the interest on this debt.

It is interesting to look at and to think about how it is that we got to this particular situation. When we look back on the past, most Americans remember the Gramm-Rudman-Hollings Act of 1985 and the Gramm-Rudman-Hollings revision of 1987 and folks remember the budget deal of 1990. They remember hearing all these different promises, how Washington was finally going to balance the Federal budget. Every time they heard the promise, their hopes got up. Then they found out Washington, the Government, did not balance the budget. They got another promise and their hopes went up again. They got another promise, their hopes went up again. They kept getting this demoralizing news that in fact Washington, our Government, had not done what it promised to do.

I have a picture here of one of them. This is the Gramm-Rudman-Hollings Act of 1987. But they were all the same. The 1985 one, the 1990 deal. They were all the same. This shows where the deficit was going to go to zero. In this particular bill the promise was by 1993. The red line shows what actually happened to the deficit. These promises were broken and broken and broken and the American people got very cynical, myself included. One of the reasons I ran for office in 1994 is because of this picture. But this is not all of the picture. The folks looked at this picture and they saw that gap out there, that deficit of $200 billion, and the people in Washington said, ''We have got to solve this problem. This problem is serious.'' The only way they knew how to solve the problem was reach in the pockets of the American people and raise taxes. That is what they did in 1993. Some people remember Social Security taxes went up. The money was not even put in Social Security. Gasoline taxes went up by 4.3 cents a gallon. The money was not even spent on building roads. The bottom line is they reached into the pockets of the American people and they brought more money out here to Washington with the idea that if they just got more money out here in Washington, they could maintain the Washington spending programs and still balance the budget.

What happened in 1993? The American people, got very, very upset in this country. They said, ''We did not want you to raise our taxes to balance the budget. What we wanted you to do is get spending under control in Washington, D.C.'' So in 1995, they elected a new group of people.

In fact, at that point for the first time in a long time, we have Republicans controlling the House of Representatives, Republicans controlling the Senate, and a Democrat President. That is the situation we had in 1995, the first time in 40 years that we had that situation. The problem was, this stuff in the past with all these broken promises that made the people so upset, the problem was convincing the folks in Washington, D.C. that the right thing to do was control Washington spending as opposed to reaching into the taxpayers' pocket and taking out more money. So we laid out a plan. The plan was to control Washington spending and get us to a balanced budget. We laid out a blue line like they had done before saying we are going to get to a balanced budget in 2002. We made our promise. What did the American people do when they made that promise? They yawned. They said, ''It can't happen. We've been promised before. Why should we believe this group is any different?'' We are now in our third year of that plan, completed the third and into the fourth year.

The facts are that we have not only hit our targets and projections, but we are far ahead of schedule. For the last 12 months running, the United States Government for the first time since 1969 did not spend as much as money as it had in its checkbook. Think about this. The first time since 1969. It is in the books. For the last 12 months running, our government did not spend more money than it had in its checkbook. What an amazing accomplishment, 3 short years in, and, I would point out, 4 years ahead of what was promised to the American people.

There is a significant change in Washington, D.C. I know there are problems with Social Security that we talked about earlier. There are bad problems and they need to be solved. But to not recognize the difference in these two pictures using the same definitions, using the same Social Security

money, to not recognize how much this city has changed in 3 short years would be a mistake. This is a monumental accomplishment to be at a point where we have actually reached a balanced budget and are running a small surplus. Albeit under a definition that I do not like very well, the point is it is still the first time since 1969 that this has been accomplished. I know that out there in America, every time I say this, I have all kinds of people say to me in our town hall meetings, you politicians are taking credit for our hard work. In fact, the economy is doing so good and it is doing good because we are out here busting our tails. As we bust our tails, we make more money, which is good, that is the American way, that is good. We make more money. Then we pay more taxes and with Washington having all that extra revenue how could you have possibly messed it up? Partly that is true. In fact, people are working very hard out there. They are being more successful. I am happy to say there are stories all across this country where people have lived the American dream and they are being successful. When they are successful they do pay more taxes and revenues are up in Washington, D.C.

So a lot of the credit for this is because people have done the right thing, worked very hard, and in fact are paying more taxes, more revenue to Washington, D.C., which is why we can also reduce taxes, I might add. But there is another side to this picture that I think is important. Between 1969 and today there have been strong economies before. Every time there was a strong economy and extra revenues came into Washington, Washington very simply spent the money. They did not balance the budget. They have had this opportunity before. We have had strong economies between 1969 and today. And every single time we had a strong economy, Washington simply raised the spending to match up with the extra revenues. That is where this Congress should deserve some of the credit for changing that. This red column shows how fast Washington, or government spending was growing before we got here in 1995. This blue column shows how fast Washington spending is growing today. In fact, the growth rate of Washington spending has been slowed from a 5.2 percent to a 3.2 percent. Let me even go one step further. When we look at the growth rate of Washington spending last year, for the first time in eons, with one exception, Washington spending grew at a slower rate than the rate of inflation. Translation. Washington actually got smaller in real dollars. Last year the growth rate of Washington, or government spending was lower than the growth rate of inflation. That is not the picture we had before we got here.

What we really have going on right now today is we have two things happening simultaneously. We have a very, very strong economy, which generates additional revenues to Washington, D.C., that is the American people and they deserve the credit for it, coupled with a Washington, a government that has understood that what the American people want us to do is control Washington spending. We are bringing Washington spending under control in the face of this extra revenue.

I want to challenge each one of my colleagues today to do something. I would like them to look back in our 1995 budget plan and I would like them to look at the projection as to how much money we were going to spend in fiscal year 1997. I always do this in a fun way out at my town hall meetings. I ask the folks which one do you think is most likely to happen. Do you think it is more likely for a Martian spaceship to land in your backyard, they come in, have coffee and head back to Mars, or Washington got $100 billion of unexpected revenue and did not spend a nickel of it? What happens is a lot of our folks go to the coffee pots to welcome the Martians because they do not think it is possible.

But if my colleagues would take the time to look back at our budget plan that we laid out in 1995, we laid out our projected spending for fiscal year 1997, we actually underspent that number by over $20 billion. At the same time the revenues that we expected were up by $104 billion. So Washington got more than $100 billion of expected revenue and reduced spending from the plan by $20 billion.

It is a minor miracle what has happened in this city. Where does that really leave us? It seems to me that leaves us with 3 very significant problems facing our Nation today. After we get the budget balanced, taxes are still too high. I find very, very few people out in Wisconsin, and I see my colleague from South Dakota has joined me. I do not know what he finds in South Dakota. Does the gentleman find there are a lot of people that think taxes are not too high out in South Dakota?

Mr. THUNE. That is not what I have heard lately. I want to credit the gentleman from Wisconsin for the lead that he has taken on this important issue. Because clearly in this country, and we have seen the statistics of late that the tax burden in America is higher as a total than it ever has been since 1945, and secondly, each individual family pays higher taxes today than they ever have. To suggest for a moment that Washington has gotten spending habits under control would be a misnomer. We have some huge problems looming out there in the future. I think the approach that the gentleman from Wisconsin (Mr. NEUMANN) and his legislation has taken on that is an important step forward in addressing not only the $5.5 trillion debt that we have already piled up out there and what is going to happen when the Social Security bills start coming due.

Mr. NEUMANN. Those are the other two issues we have here. The 3 problems we have, and the gentleman just mentioned the other 2, the 3 problems we have left are taxes are too high. We still have a $5.5 trillion debt staring us in the face and the Social Security issue which we discussed in great detail earlier here in the hour.

We have two pieces of legislation, and I know he is a cosponsor on these bills. The first is the Social Security Preservation Act, which I spent a lot of time earlier in the hour, that simply says that the money coming in for Social Security gets put into the Social Security trust fund. It is very much a common sense approach.

The second one, I know the gentleman is a cosponsor on this. Why do I not let him take it a little on the second. Go ahead.

Mr. THUNE. I just happen to believe the approach the gentleman has outlined in his legislation is one that will give us the discipline, require us to have the discipline that is necessary, because frankly if we do not do something in the area of addressing the $5.5 trillion of debt, it is going to accumulate.

As the gentleman mentioned earlier, we continue to borrow from the Social Security trust fund, which is a significant problem. Another issue which his first piece of legislation addresses, that we ought to keep those funds separate. That the dollars that come in ought to pay for future benefits and we continue to borrow against that and add to this already growing national debt, which means that every year as we go through the appropriations process, before we pay for anything else we have to write the check for interest, which is $250 billion a year. I might add if we sat down and figured that out, that is every personal income tax dollar collected west of the Mississippi River and then some. This is a huge problem. What he has done in his legislation is I think taking a very systematic approach, not only to addressing the $5.5 trillion of debt by saying that each year government cannot spend more than 99 percent of what it takes in, I think that is critical and based on current economic assumptions by 2026, we would have wiped out the debt, but also, secondly, to address the issue of Social Security and how are we going to, long term, deal with that important issue.

The other thing that I think is very attractive about his plan is it puts two-thirds aside for those purposes, but then after having said that, it also allows that any dollars that are left over ought to in fact go back to the taxpayers. Of course, I have some ideas about how best to do that. But I want to credit him for the work that he has done in fashioning an approach which in a very systematic, deliberate way addresses the long-term problems that this country faces, because I think far too often we here in Washington deal with the short term, which is politically expedient, to the detriment of our children's future.

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And frankly we just cannot afford to wait any longer, and so I think your approach is the correct one and one which I hope we can debate here in the Congress and continue to build support in favor of.

Mr. NEUMANN. Especially as it relates to Social Security. You know this is becoming a short-term problem as opposed to a long-term problem. We know that the numbers in social security, the dollars coming in versus the dollars going back out to seniors turn around by not later than the year 2012. So we know sometime between now and 2012 there is a cash shortfall in the Social Security Trust Fund, and I see all the people in this city, and it has got to be shocking to you, too, as a first-termer here like it was to me last time, these people run around the city beating their chests saying those IOUs are backed by the full faith and credit of the United States Government, and it is absolutely fascinating to me that when they say that, it like dumbfounds them when you ask the next question because the next question that Americans would ask is where is the United States Government going to get the money to make good on those IOUs when the shortfall occurs?

And there is no good answer for that question. The only answers that I can see is one of three choices. One is they could raise taxes, and I do not know how you feel, but I know how I feel. Why do you not tell me how you feel about raising taxes?

Mr. THUNE. Well, again as you have noted, there are some solutions, none of which is very attractive and very palatable, and raising taxes is not going to be the solution to this because that is the solution that we have gone to in the past as a fall back, and what it has gotten us is bigger and bigger government here in Washington and less focus on the real problems that are out there. But we do. There is no question about the fact that actuarially this program just has to be dealt with because each year we start borrowing more and more from the trust fund. We fill it with IOUs and at some point the IOUs are going to have to come and, you know, have to be paid back, and the natural question for any average person is going to be, well, where do you get that? And the answer is we borrow more money from your future.

Mr. NEUMANN. That is a second possibility, but if we borrow more money, that just keeps making our debt bigger and bigger, and if the debt keeps getting bigger and bigger, the interest payment keeps going up higher and higher, and what we are passing on is a legacy to our children and our grandchildren that is more and more taxes that they have to send to Washington to do nothing but pay interest on the Federal debt.

So I sure do not like the idea of higher taxes, and I sure do not like the idea of borrowing more money, and the idea that somehow in Washington we are going to miraculously reduce spending elsewhere so that we do not have to raise taxes or borrow more money, that is just not going to happen.

So when the Social Security IOUs come due, if we have not taken the action, and again let me make it very clear that if we do enact the Social Security Preservation Act, the Social Security Preservation Act puts real dollars into the Social Security Trust Fund so when the shortfall occurs, you go to the Social Security Trust Fund much as you would go to a savings account and get the assets out. You cannot do that today because they are IOUs, they are nonnegotiable, nonmarketable bonds.

So the Social Security Preservation Act puts real money there so that instead of raising taxes or borrowing more money, I cannot hardly get that out of my mouth, it is so scary and so detrimental to our children's future that instead we have a different alternative. We have a logical planned approach to put money away in a savings account so when this occurs, and we know it is going to occur, that we are prepared for the occurrence instead of dealing with crisis management where we have to either raise taxes or reduce benefits to seniors, I guess, is another possibility. I will not do that either.

Mr. THUNE. And if the gentleman would yield, that is the traditional Washington solution. It is again a view to the short term rather than the long term.

Mr. NEUMANN. Right.

Mr. THUNE. And we just have, we do not have any alternative, I think, at this point in time other than to say that we are going to enact the type of discipline that is necessary to ensure that when, in fact, these liabilities, responsibilities that we have, come due that we are prepared to cope with that, and I think that, again, the notion of building the fire wall between the Social Security Trust Fund and getting away from the timeworn Washington practice of trying to conceal and emasculate the total size of the deficit and the debt and everything else that we are dealing with here is something that is long overdue and certainly something I want to be a part of, and of course, at some point, too, I believe that, and your plan calls for having done that to the extent that we realize additional revenues, that it should not go into more Washington spending.

And I think that is a false alternative that is being created by folks out there, including those at the White House that somehow this is about cutting taxes or saving Social Security. I think what we are saying is a matter of policy, that we agree that Social Security, the debt has to be paid back, but then to the extent that those additional revenues are generated because the economy is growing that we ought to give those back to the taxpayers, whose they are in the first place and who ought to have first claim to them, and I have already today been on the floor and talking about a proposal that I have that I think would do that in a fair, evenhanded way and one that is getting great interest back in my State of South Dakota.

The taxpayers are paying attention, and I think the opportunity to get out there and do something, these are a few things that ran in the newspapers back home, and the Investors Business Daily as well wrote something here talking about real tax relief, tax relief that is broad-based, not targeted, where Washington picks winners and losers and also leads us toward the goal of a new Tax Code for a new century, which should be our goal in a way that will simplify rather than complicate this enormous burden that we have placed on the taxpayers in this country, both individuals and families and businesses as well.

But I appreciate the hard work that you are doing and look forward to working with you toward that goal.

Mr. NEUMANN. You know we should, and I know we want to jump to my colleague from Michigan. I just want to wrap this part up by saying very specifically that the Social Security Preservation Act would require the Social Security dollars coming in this year be put into the Social Security Trust Fund. The National Debt Repayment Act, as it relates to Social Security, would look at the dollars that have been taken out of the Social Security Trust Fund over the past 15 years, and as we repay the Federal debt, it would also repay the dollars that have been taken out of the Social Security Trust Fund.

So there are two separate pieces of legislation here. They are both needed. The Social Security Preservation deals with this year's Social Security money. The National Debt Repayment Act pays off the entire debt so that we can pass this Nation on to our children debt free. In doing so, it puts the money back in Social Security that has been taken out over the last 15 years, and like you mentioned in the National Debt Repayment Act, we take two-thirds of the surplus and dedicate it to debt repayment, including Social Security as a priority. The other one-third is returned to the taxpayers.

Mr. THUNE. That is commonsense legislation, and that is probably the problem with it in this city. But in any case I hope that these bills move forward.

Mr. NEUMANN. I would like to yield to my friend and colleague from Michigan.

Mr. HOEKSTRA. I thank my colleague for yielding. I cannot tell you the excitement that I feel to see first term Member, a second term Member, and it is my third term, and just reflecting back on when I came to Washington in 1993, if we had projected in 1993 that we would be approaching the point where we would be talking about what to do with the surplus and that we would be there by 1998 or 1999 people would have said you are crazy, because if you remember back.

Mr. NEUMANN. I just need you to stop for just 1 minute. I would just like to point out for my other colleague that makes him a senior Member.

Mr. HOEKSTRA. That makes me senior, that is right.

But you know we came here in 1993, and within, I think, you know, the first 6, 8 months, the deficits were projected to be $200–$250 billion per year as far as the eye could see. The only way that we were going to stimulate the economy was by increasing Washington spending, and the only way to even try to get the surplus would not be by putting a discipline into Washington spending, but by increasing taxes because obviously Washington would know how to spend your money better than what you would. And now 5 years later, I mean, you know, Mr. NEUMANN came in and helped us take the majority.

You are helping us and setting us on a new agenda or implementing this agenda where we are now close to being at surplus, and now what we need to do is we need to put the discipline in place and make it an institutional criteria that every year we will have a surplus and every year we will work on paying down our debt, reforming entitlements and reducing the scope and the influence of Washington government.

But we, you know, made a major step on a problem in 1993. We thought we could not solve, $250 billion deficit, spending of about 1.6 trillion per year, and people said you cannot get there from here or you got to have a 10 or a 15-year plan.

Mr. NEUMANN. If the gentleman would yield for just a minute, you will recall that back in 1994, when we first got here, early 1995, and I know you worked with us on it, we did put a plan on the floor that said we can get there from here, and as a matter of fact, many of the things that were in that plan only got 89 votes that year, but many of the things in that plan have come to reality, and they are fact as of right now today.

Mr. HOEKSTRA. And I would propose that the same kind of focus and enthusiasm and energy that we have put behind the problem in 1995 of addressing this deficit and addressing the debt, we have come a long way and we got a long way to go, but we are on the right road, is the same kind of energy, enthusiasm and commitment that we need to put behind education.

In 1993, the early 1990's, the deficit was identified and the debt was identified as critical long-term problems that if we did not address them we were going to give our children an America that was not going to be as good as the one that we got from our parents.

Mr. NEUMANN. So does that mean we want more Washington programs or government run from Washington programs for education?

Mr. HOEKSTRA. Well, I do not think so. We, you know, what I have been involved in and almost all of 1997, I think we have had 22 different hearings around the country. We have been in 14 different States taking a look at what works and what does not work in education. We have also taken a look at how our children are scoring on international tests. A study came out again this week. I think out of 21 countries we are near or at the bottom in a number of different categories.

That is unacceptable. We cannot expect to compete on an international basis in a number of global industries if our kids are continuing to score at the lowest levels of any kids in the world.

Mr. NEUMANN. I have got a question for the gentleman. You may not know this answer; I did not talk to you about this ahead of time. I apologize if you do not. But when that study came out, you said we scored it near the bottom in many categories in this 21-country study in education. Was there information regarding how much money is spent on education in America by comparison to the other countries?

Mr. HOEKSTRA. I do not know if that study identifies how much money is spent per student in each of these countries. That was a question that we had asked, and we are going to go back and try to get that information because the question that we asked, is it an issue of money? You know, that if America just spends an extra $500 or $1,000 per child, we will see better results.

I can tell you as we have gone around the country, it is not an issue of spending more money. We have gone, and the best example is taking a look at what is going on outside of this building in this city where we in Congress really have control over the school system. We spend on average about $10,000 per student.

Now I come out of west Michigan. We spend about 56, $5,700 per student. It varies throughout my district, but in that neighborhood. Here in Washington, D.C. we spend about $10,000 per student. And you say, wow, we must have some of the best schools, the best technology, the best buildings, the best teachers, and we ought to be getting great results in this school system here in D.C.

It is not what is happening. We are getting terrible results. We are failing 60 to 80,000 children each and every year who are getting substandard education, and they are not going to be prepared to go out and compete. It is a huge problem.

Mr. NEUMANN. So you are telling me then that the system that the Congress has the most influence over is one of the most high priced in terms of dollars per student and is producing some of the worst results. Would the logical conclusion be that maybe Congress should not have as much influence and that maybe education should be returned to the parents and control of education returned to the parents and the community and the teachers and the school boards out there locally, take the control out of Washington and put it back in the hands of parents where it belongs?

Mr. HOEKSTRA. Well, let me give you another couple of statistics, and we can maybe reach a conclusion today. That was a question that we asked earlier in the process. We went out and we went to local schools and we talked to parents, we talked to teachers and we talked to administrators, and they said tell us what is working in your schools. And there are some phenomenal success stories around the country that schools are working well, teachers are doing a great job, classrooms are being effective.

So you ask them why is your school working, and they give us great reasons: parental involvement, technology, and the answers vary from one school district to another because the needs in one school district and the students coming in are very different from one school district to the other.

The interesting thing was nobody ever said this Federal program, and you would think that when you have 760 different education programs coming out of Washington, and you know that is maybe one reason you and I would say, hallelujah, it is a good thing we have got an education department so that we have got one place that coordinates all 760 programs.

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You take a look and say, whoa, no, that was the vision of the Education Department when it came out, that it would be the focal point of education in the Federal Government. But with 760 programs, they go through 39 different agencies, and they spend $100 billion per year out of Washington.

This system also ensures that when your parents from Wisconsin send a dollar here to Washington, they would like to get it back. So to get it back, we develop all these programs and forums, and we send the programs back to Wisconsin. And guess what the people in Wisconsin have to do?

Mr. NEUMANN. Fill out some papers.

Mr. HOEKSTRA. They have to fill out some papers. So they send fill out papers, and send them where?

Mr. NEUMANN. Back to Washington.

Mr. HOEKSTRA. Back to Washington. We go through them and say whoa, you might have been lucky and got it all through the first time. We say, it looks like Wisconsin is qualified to get X amount of dollars, so we send the dollars back to you and you can do what you want with them, right?

Mr. NEUMANN. No, that is not right. Does it not cost money to have somebody fill out all these papers, first off, and to have Washington send them back to Wisconsin? Out of the tax dollar we are collecting and sending to Wisconsin, all you are describing so far is not doing anything to help the students back in Wisconsin.

Mr. HOEKSTRA. I do not think the gentleman needs to worry about that, because we are fairly efficient here in

Washington, because when you send that dollar to Washington and we figure out how to send it back to you, remember, also when you get the money, we do not let you just spend it. You have to send back to us a report on how you spent it.

Mr. NEUMANN. Does that not cost money too?

Mr. HOEKSTRA. That costs money. We know you are probably not going to tell us the truth, so that means we have to send auditors into Wisconsin.

Mr. NEUMANN. Does that cost money?

Mr. HOEKSTRA. It costs money, but it is not that much. Really, we have taken a look at it. When you sends a dollar and we send it back, for every dollar you send us, we only take 30 to 40 cents, to make sure you spend the 60 cents left in the way we want you to spend it.

Mr. NEUMANN. In order to have a Washington-run education program, we are going to tax the people in Wisconsin one dollar, and, assuming they get a dollar back, they are only going to get 60 cents to help the kids in the classroom. The rest of that money is going to be spent on all of this paperwork that first applies for it, that gets reviewed by Washington, that gets corrected in the application. The money gets sent out, then they send a report verifying how they spent the money, Washington reviews that report and sends out some sort of administrator to enforce the report. That is costing 40 cents. It does not sound like this helps my kids at all. So the other 60 cents might get to the classroom.

Mr. HOEKSTRA. Does the gentleman have a problem with that? I will yield.

Mr. NEUMANN. I have a big problem with that. I know my colleague does too.

Mr. HOEKSTRA. Yes.

Mr. NEUMANN. It sure is frustrating to be in a system where we recognize that those tax dollars that are so important that they get to our kids to help them with the most advanced technology, to get the computers in the classrooms, to do what the President talked about doing, getting more teachers available in the classrooms, it is so important to get those dollars out there to help the kids. Why is Washington wasting them on all this bureaucracy? Why not leave the money in Wisconsin and let them decide how to handle it, so they get a dollar back for a dollar spent?

Mr. HOEKSTRA. If the gentleman will yield, the reason we do not is because we believe that bureaucrats here, and you and I had this discussion a couple of years ago when Wisconsin took the lead on reforming welfare, where in Wisconsin the legislature and the Governor said this is what we want to do, and people in Health and Human Services who had never seen a cheesehead said—

Mr. NEUMANN. Hey, be careful with that.

Mr. HOEKSTRA. I know, but the Lions are going to get you next year. But they said no, you cannot do that. And the people in Wisconsin are saying, wait a minute. If our Governor and State legislature want to do that, why are people in Health and Human Services saying no?

We have the same problem with education. You have things you are experimenting with, trying to help the kids in Milwaukee and in your district, trying to get money into the classroom, and, like I said, when we have gone around the country, that is where the focal point is. That is where the rubber hits the road.

You have got to get the money into the classroom to help the teacher, to get the technology there, to get the textbooks there. But that is the critical link. All of this other stuff, of the paper flying back and forth, has not helped one child one bit, and that is why I think the gentleman is supporting this, and that is why we passed the resolution last year.

That is a step in the right direction. It does not get us where we need to be, but it was the Pitts Resolution that said we have to strive to get 90 of 95 cents of every Federal education dollar into the classroom, helping the teacher improve the skills of the child in that classroom.

Mr. NEUMANN. Does that mean there will have to be less paperwork and less bureaucracy and less forms and less time spent on those forms and the paperwork and bureaucracy?

Mr. HOEKSTRA. Absolutely. What we want is we want parents and teachers and local administrators deciding what they are going to do for their children and their school, based on their needs, and that is a very different vision than the vision that our President has of education. The President believes that the responsibilities for these types of programs need to be moved to Washington. This president wants to build our schools, and he want to build them according to Federal regulations, which means we cannot really get competitive bidding, so the price of construction goes up by 10 to 15 percent. He wants to certify our teachers.

Mr. NEUMANN. Would the gentleman yield? We talked a little earlier in the hour about building schools. The price does go up by 10 to 15 percent. Remember, when Washington collects these dollars, 40 cents on the dollar is lost just on the bureaucracy.

That 10 to 15 percent is the cost of construction going up. So you not only have to collect extra dollars to pay the bureaucracy, you also have a higher cost in construction because of the Federal Government regulation red tape. We could be talking almost a 50 percent increase in cost before you are done.

Mr. HOEKSTRA. That is right. For education, we know that the Federal Government has to be defining the standards for our schools and our local districts, because we have never built a school before, right?

Mr. NEUMANN. Right.

Mr. HOEKSTRA. How crazy that we would do that, and we would do it here in Washington and set the standards from Washington, when we have been building schools for years at the local level, and that is what we need to do.

Mr. NEUMANN. What is also interesting in this school discussion, we have got school districts in our district that have just built new schools. So are we going to go into the taxpayers' pockets in Janesville, that just built a new middle school, get those dollars out of the Janesville taxpayers', even though they just built their own school pockets, get them out here in Washington, and spend 40 cents on the dollar on the bureaucracy?

I can guarantee you Washington is not going to make the decision to return that money back to Janesville, because, after all, Janesville just built a new school.

So what we are really saying is in those communities that have already taken the responsibility for education very seriously, like my hometown of Janesville, Wisconsin, those communities are now going to be punished for making the decision they made, building the new school because that was right for education in their community. Because Washington is still going to collect tax dollars from those people, even in the communities where they built the new school, and then Washington is going to make its decision where to send the dollars. I guarantee you, it is not going to be back to them.

So they are paying for a new school because they know how important education is. We did in our town, and we believe in education. So we are already paying higher taxes to pay for that school.

Now, is it fair that we are also asked to send money to Washington, of which only 40 percent is going to bureaucracy and 60 percent to some other school district? That just does not seem reasonable to me, that we would be willing to do such a thing.

Mr. HOEKSTRA. That is why so often we are viewed as being controversial, that we cannot see the logic in this system. I drive through my district, and I have seen lots of new schools opening up. I am saying these people are taking the lead, and they will be punished for taking the lead. Next time they will be better off not solving the problem and waiting for Washington to come in.

Mr. NEUMANN. I know we are getting very near the ends of the hour. If we started through a list of things that you and I think are wrong and we cannot understand the logic of, because we live out in the Midwest in Michigan and Wisconsin, and I know there are other states across the country with the same kind of common sense, but not here inside the Beltway, it seems, we could be here for the rest of the week, much less the rest of the hour.

Would the gentleman like to close?

Mr. HOEKSTRA. We do know what works in education. We do know that if

we move responsibility back to parents, to the local level, the teachers and local administrators, we can make it work. Now we need to start implementing the steps to make that happen.

I thank the gentleman for sharing his time with me today.

Mr. NEUMANN. I appreciate the gentleman joining me for the hour.

Just to wrap-up what we have talked about this hour, we have talked about Social Security and how much more money is coming into the system today than we are paying back out to seniors in benefits; and we have talked about how that money is supposed to be in a savings account, but in fact today is being spent as parts of the overall budget process.

We talked about the Social Security Preservation Act, which would force our government to actually put the Social Security money aside in a separate fund, much like any pension plan in the United States of America.

We have also talked about the problems remaining after we reach a balanced budget, the problems of taxes being too high, the problems of Social Security being repaid; because even when we start putting the money aside today, there is still the $700 billion that has been taken out over the last 15 years.

We talked about the problem of the $5.5 trillion debt, and a second piece of legislation, H.R. 2191, called the National Debt Repayment Act, that literally repays our Federal debt, much like you repay a home loan.

That bill addresses all three of the problems. It takes two-thirds of any surpluses that develop, and dedicates it toward debt repayment, prioritizing the money that has come from the Social Security Trust Fund. By doing this, we can restore the Social Security Trust Fund, we can pay off the Federal debt, much like you may off a home mortgage, and give this country to our children debt free. It takes the other one-third of the surplus and dedicates it to tax reductions, hopefully across the board. Hopefully we end the marriage tax penalty.

But the bottom line in this thing is for our children, they get a debt-free Nation; for the workers, they get lower taxes; and for our seniors, they get the Social Security Trust Fund restored. That is bill number H.R. 2191, the National Debt Repayment Act.

I would like to close today just by encouraging my colleagues to join us on each one of these bills so we can get them passed out of here and do what I think is common sense for the future of this great country we live in.

UNITED STATES-PUERTO RICO POLITICAL STATUS ACT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from New York (Mr. SERRANO) is recognized for 60 minutes.

Mr. SERRANO. Mr. Speaker, next week the House will take up H.R. 856, the United States-Puerto Rico Political Status Act, better known in Puerto Rico and throughout the states as the Young bill.

I think from the outset we should thank Mr. Young for the fact that the representative from Alaska has put forth a bill which, for the first time, provides for a congressionally sponsored plebescite in Puerto Rico, asking the crucial questions, and the questions which are fair, not only to the people of Puerto Rico, but to all of the people in the United States that have been engaged in this relationship for all of these years.

For, you see, from November 19, 1493, to July of 1898, Puerto Rico was part of Spain. It was not an integral part of Spain; it belonged to Spain, it was a Spanish possession. It was not an independent Nation.

From July of 1898 to the present Puerto Rico, after the Spanish-American war, became again a possession of the United States. Now, under the current arrangement, Puerto Rico is known as a Commonwealth of the United States.

Now, what does that mean? Well, to people like myself who have studied these kinds of things for a while it means that Puerto Rico is, at best, a territory, but in reality a colony of the United States.

It is very simple to analyze that. Does Puerto Rico have the right to establish its own relationship with other countries, its trading agreements, its political relationships? The answer is no.

Does Puerto Rico share the same rights that the 50 States in the Union and their citizens share? The answer is no.

Puerto Ricans on the island, since 1917, have been American citizens, yet their citizenship is different than the citizenship of people who live within the 50 states.

If anyone in the House, anyone watching us on TV, was to move to Puerto Rico tomorrow, they would keep their American citizenship. They would be protected by the American Constitution. But by having legal residence in Puerto Rico, they could no longer vote for president. They could send one resident commissioner to the House, not a Congressman, not six Congressman, but one resident commissioner, who in turn is not allowed to vote on the House floor.

So if you picture that, the fact that your citizenship which is in effect here, by simply moving to the island, your citizenship becomes a second or third rate citizenship, it can only lead you to the conclusion that this relationship is something other than what a statehood relationship provides, or an independent nation's relationship provides, or that of an associated republic with the U.S.

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Now, the Young bill proposes to deal with this head on. It says that sometime before the end of 1998 Puerto Rico will hold a plebiscite, with the options of separate sovereignty, independence, free association, of statehood, integration into the Union, or remaining a commonwealth. Those will be the three options.

The bill further says, and this is where I really think the bill is very strong, it says that whatever the people of Puerto Rico choose for themselves we will take up within 180 days. The President shall present to the Congress a bill which will take in the wishes that came out of that vote.

There are many people who feel that this bill therefore commits the Congress, and therefore all of the American citizens, to give the people of Puerto Rico what they wish. I wish that was the case. But I think the strength of the bill is that it commits to dealing with the results. Some may consider that a weakness, but it is the first time that the U.S. has said to Puerto Rico, give us your wishes and we will deal with them.

The statehood option is very well understood. It becomes the 51st State. Some genius will have to figure out how to put 51 stars on the flag, and I am sure people have done that already. People will pay Federal taxes, they would send six Members to Congress, two U.S. Senators, and they would enjoy the full right of every other American.

Independence is very clear. The United States would grant independence to Puerto Rico. Puerto Rico, I am sure, would become and continue to be a very close ally of the United States, and provision would be made for those individuals who were American citizens up to the date of independence, those who served in wars and are receiving benefits from war, people who have Federal pensions, all that would be taken into consideration.

Under separate sovereignty there is also the possibility of discussing an associated republic status, which is somewhat like independence with some very close ties, actual structural ties to the U.S.

Then there is the commonwealth status. Therein lies a lot of the opposition, if not most of the opposition, to the bill. In 1952, Congress set up something called, and I firsthand apologize to the stenographer, I will use Spanish every so often, and we will work on that later for the proper way to write down those words, it set up something called estado libre asociado, state, free and associated. But it was not any of the three.

In 1952, it was presented to the people of Puerto Rico. The choice was, become a commonwealth or stay the same way. Well, commonwealth clearly at that point, in the history of Puerto Rico, was something better than what they had had, so commonwealth was accepted. But there were no other options presented at that time, such as independence or statehood.

Now, in 1993, the Puerto Rican people, on their own, held a plebiscite, ''on