specified how large his proposed individual accounts would be, but the Bush campaign has used examples involving the 2 percentage points, and that is why I use that 2 percentage points, and that is why the Social Security network used the 2 percentage points in its analysis. But this analysis, and I should also say, before I get into this analysis a little more, that the calculations it uses, if anything, underestimate the cuts in Social Security benefits likely to occur under a Bush-like individual account plan.

But what this analysis by the Social Security network suggests is the following: first, if Social Security benefits were cut equally for all workers age 55 or younger in 2002, benefits would have to be cut by 41 percent to maintain the solvency of Social Security over the next 75 years.

□ 2200

So here again, their analysis shows we are going to have an even greater problem maintaining the solvency of social security.

To avoid a sharp reduction in retirement income for older workers that would result from this, benefit cuts could be phased in. Because less would be saved in early years, reductions for younger workers would have to be larger to ensure that social security remains solvent over the next 75 years.

For example, under one plausible phase-in approach, social security benefits would have to be reduced by 29 percent for those 50 years old in 2002, and by 54 percent for those 30 years old or younger. So what we are saying is if we do not do this all at once but we phase it in, then the consequence on younger workers is even greater in terms of the amount of benefits they are going to have when they retire.

Not only would the average benefits be cut relative to current law under the Bush proposal, but workers would also have to shoulder substantially increased risk under individual accounts. In other words, benefits might be smaller or larger than under current law.

Here again, the Social Security Network gives us some examples. If holders of individual accounts suffer from market returns as low as the worst 35-year period since World War II, the total benefit reduction, including the individual account income, for 30-year-old single average earners would be 38 percent rather than 28 percent. So depending on the market fluctuations, and if we use the period before World War II as an example, we could have as much as a 38 percent reduction in the benefits that we get.

Then the Social Security Network has another example. If, on the other hand, individual account holders enjoy market returns as good as the best of the 35 years since World War II, so now we are going in the opposite direction, instead of using the worst years prior to World War II we are using the best years after World War II, including now, the income for 30-year-old single average earners would be about the same as under current law.

So what are we gaining? What this is essentially saying in this analysis is if we use the best years since World War II, you would not gain anything. If we use the worst years prior to World War II, we could have as much as a 38 percent reduction. There is no benefit.

The problem is that everyone, that Governor Bush is relying on people's assumptions about the economy in the last 5 or 10 years, when things have been the best they have ever been. There is no guarantee that is going to continue over the life of the program before somebody who is younger retires, which could be 35, 40 years.

The conclusion is that Governor Bush's proposal could cut social security benefits by more than 50 percent for young workers, and the proceeds from the individual account would on average make up only a portion of that cut while exposing individuals to significant risk. This is from, as I said, the Social Security Network's analysis.

Mr. Speaker, I did not intend to take up a lot of time tonight because I intend to come back and keep talking about this on other occasions, but I just wanted to say in conclusion, Mr. Speaker, that the bottom line is that Governor Bush's social security proposal simply does not add up. Most of the surplus for tax cuts plus most of the surplus for a risky social security plan equals too much of the Federal budget. We cannot take the money from this tax plan and at the same time have a huge tax cut and end up with anything but less benefits for the average social security recipient.

If we take these two things together, his social security plan and the tax cut, we swallow up the surpluses whole for the next 10 years, and we use a significant portion of the social security surplus as well, so both the general revenue and the social security surplus would be used up.

Devoting all the surplus to these two plans, the Governor's social security plan and the tax cut plan, means leaving nothing at all for the rest of the budget. The combination would leave no room for other vital priorities like the Medicare prescription drug benefit or more funding for new teachers and modern classrooms.

In addition to the fact that it does not add up for the recipient, who would probably end up with cuts in their benefits, it also means that money is not going to be available to expand Medicare, which I think, Mr. Speaker, we know that many of our constituents, most of our constituents, are saying that they would like Medicare to be expanded to include prescription drugs.

There is no way we could do that if we adopted Bush's social security plan as well as his tax cut, because there would not be any money left over to do that, to help seniors with a program under Medicare that would pay for their prescription drugs.

Of course, that does not even take into account other priorities that affect the general population, like the need for more money for education to go back to local schools so they can have smaller class sizes by hiring more teachers, or the need to pay for school construction and give money to the local schools so they can renovate school buildings and upgrade the infrastructure for the Internet, and those types of things.

Nothing would be left. This would just take up everything, and for no reason, for no actual benefit to the average senior citizen.

I just think that the Governor's proposal for social security is extremely radical. It does not add up. I just hope that over the next few months that we are able to expose this so the American people realize this, because it should not be enacted, and it certainly should not be the basis for any policy program by Governor Bush or anyone else.

RECESS

The SPEAKER pro tempore (Mr. ISAKSON). Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 10 o'clock and 5 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 2357

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. SESSIONS) at 11 o'clock and 57 minutes p.m.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4577, DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2001

Mr. REYNOLDS, from the Committee on Rules, submitted a privileged report (Rept. No. 106–657) on the resolution (H. Res. 518) providing for consideration of the bill (H.R. 4577) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 2001, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 8, DEATH TAX ELIMINATION ACT OF 2000

Mr. REYNOLDS, from the Committee on Rules, submitted a privileged report (Rept. No. 106–658) on the resolution (H. Res. 519) providing for consideration of the bill (H.R. 8) to amend the Internal Revenue Code of 1986 to phase out the estate and gift taxes over a 10-year period, which was referred to the House Calendar and ordered to be printed.