heat, limited air conditioning. They were only supposed to be there on a temporary basis. Yet first-graders and kindergartners and second-graders are all in these portable buildings maybe high school students and middle school students. And for some, in inclement weather, those individuals have to leave those portables to go to the rest-room facilities, gym facilities.

What kind of life is that for our children?

We need increased teacher salaries. We need to respect teachers for the learning and the knowledge that they bring to the classroom. And, yes, we need the training of more math and science teachers.

I have seen the actual results of that. The ranking member on the Committee on Immigration Claims, we supported H–1B non-immigrant visas to help in our high-technology industry. But, Mr. Speaker, the real issue is are we preparing Americans for those jobs, are we training incumbent workers, are we training college students? There has to be a greater opportunity and there must be a greater access and opportunity for education.

I visited with some of my elementary school students this past week from Henderson Elementary School, hard-working students. But yet, Mr. Speaker, they had maybe three computers to a classroom, maybe not that many. I asked the 10-year-old and 9-year-old how often they got to the computer, and they said maybe once or twice or three times a week. Even if there is slightly more than that, that is not enough to prepare a technologically educated society.

Mr. Speaker, it is important that we do more for education.

Let me just simply close on another and different note, but I think it is extremely important to clarify something very close to my heart as a member of the House Committee on the Judiciary, a cosponsor of the Hate Crimes Prevention Act of 1999 and 2000. There seems to be a lot of debate about this, Mr. Speaker. But let me clarify the record.

Coming from Texas, all of the world's eyes were on Jasper, Texas, in 1998 when the heinous act of James Byrd, Jr. was discovered, the dismemberment of a man because of his color. Out of that terrible tragedy, legislators such as Representatives Senfronia Thompson of Texas, Senator Rodney Ellis of Texas, Joe Deshotel, a cosponsor, and many others put forward the Hate Crimes Act of Texas in order to ensure that this terrible act would be an illegal act not only in Texas but to show the world what Texas was made of.

That act was dealing with race, ethnicity, gender, disability, religion or sexual orientation. It was inclusive. It was constitutionally secure. It would pass constitutional muster, unlike the legislation of 1991, which was simply a Hate Crimes Reporting Act that I believe the Governor of the State of Texas was referring to in all of his debates.

We do not have a real hate crimes legislation or bill in the State of Texas. And when the family of James Byrd, Jr. went to the Governor's office and begged for his support for that very strong legislative initiative, he did not give it. Plain and simple, the signals went out to the Senate that it was not a legislative initiative that the Governor's office was supporting.

It passed the House, with Speaker Laney, the Democratic speaker in the House of Representatives in the State of the Texas. But in a Republican Senate in the State of Texas, it could not pass.

The Governor of my State, Governor Bush, did not help it pass and did not support its passage. And now we do not have, in light of the heinous act, murderous act against James Byrd, Jr., not even as a tribute to him could we pass a real hate crimes bill in the State of Texas.

I hope this Congress will take up the challenge and stop the opposing of a real hate crimes legislation that could be passed in this session and do what is right. We could not do what was right for Texas. Let us do what is right for all of America and make it a Federal law, and let us not stand in the way of acknowledging that that country abhors hateful acts because they are simply different. As the Voters' Rights Act was passed and the Civil Rights Act was passed, we can pass a real civil rights bill, the Hate Crimes Prevention Act, and tell America and the world that we stand not for hate but for inclusion and empowerment.

SOCIAL SECURITY SOLVENCY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Michigan (Mr. SMITH) is recognized for 60 minutes as the designee of the majority leader.

Mr. SMITH of Michigan. Mr. Speaker, I rise tonight to discuss Social Security. It is going to be almost like a professor lecturing a class. So everybody that is interested in Social Security should listen up. Those that are not interested in Social Security should be because it is America's biggest program, probably the United States Government's most important program.

When I came to Congress in 1993, I left the Michigan Senate as chairman of the Taxation Committee. At that time, we were looking at the consequences of low investment and savings. I discovered that, in the United States, we have the lowest savings of any industrialized country in the world. And then I started looking at Social Security and the problems that Social Security was having in terms of the demographics in terms of financing the current promises in future years.

When I came to Congress, what I did in 1993, I introduced my first Social Security bill. And then 2 years later, in 1995, 1997, and 1999, I introduced subsequent Social Security bills, all scored by the Social Security Administration to keep Social Security solvent for the next 75 years.

I have been serving as chairman of the Bipartisan Task Force on Social Security in the Committee on the Budget. With testimony we received, we came up with 18 unanimous recommendations of what should be in a Social Security bill. I incorporated those and introduced a bipartisan bill that is now before the House.

I would suggest to everybody, current retirees, near retirees and young workers and young people in general to start looking at Social Security because it has the potential of developing a generational warfare if we continue to make promises of increased Social Security benefits and then we simply satisfy that challenge by increasing taxes on future generations.

Let me just say that if we do nothing, if we add no more benefits to Social Security or Medicare or Medicaid but continue under the existing programs to keep those programs solvent, we will have to have a payroll tax to keep Social Security and Medicaid and Medicare solvent that will take 47 percent of our wages.

☐ 2015

Right now the FICA tax is 15 percent of wages.

The Social Security Benefit Guarantee Act. When Franklin Delano Roosevelt created the Social Security program over 6 decades ago, he wanted it to feature a private sector component to build retirement income. Social Security was supposed to be one leg of a three-legged stool to support retirees. It was supposed to go hand in hand with personal savings and private pension plans, and it is interesting, searching in the archives for some of the testimony back in 1935 when we started Social Security, to see that the Senate on two different occasions voted that it should allow private investment savings as an alternative to the government doing it; but when the House and the Senate went to conference, the decision was made that year to simply have it a totally government program, and that is what it is, a pay-as-you-go program where existing workers pay in their taxes to support existing retirees.

The demographics, the problem of demographics, fewer workers and more retirees, which we will get into in a moment. The system is really stretched to its limits. Seventy-eight million baby boomers begin retiring in 2008. These are the high-income people in general. That means they go out of the paying-in mode, paying in their taxes, directly related to their higher incomes, and start taking out benefits again directly related to what their incomes have been. That is when the problem starts. Social Security spending exceeds tax revenues starting in 2015. We increased the Social Security taxes substantially in 1983 so currently, temporarily, there are huge surpluses coming in, and we have been spending that surplus for other government programs.

Social Security trust funds go broke in 2037, although the crisis could arrive much sooner. The crisis is going to arrive when we need to start coming up with the money that we borrowed and spent for other programs in the past, and that is the real problem. That is the real challenge.

Insolvency is not some guess or estimate. Insolvency is certain. We know how many people there are, and we know when they are going to retire. We know that people will live longer in retirement, and our estimates on how long they live have been fairly accurate over the past. We know how much they will pay into Social Security and taxes, and we know how much they are going to take out under the benefit structure we have. Payroll taxes will not cover benefits starting in 2015, and the shortfalls will add up to $120 trillion of extra money needed over and above what is coming in in taxes, $120 trillion between 2015 and 2075.

To put that in perspective, I am not sure any of us really know how much a trillion dollars is, but our spending that we are going to end up for this current fiscal year that we have just started is going to be approximately $1.9 trillion. Just for Social Security over the next 75 years, we are going to need to come up with an additional $120 trillion. It is a huge problem, and it is so frustrating that we have not paid attention to it.

We have let the last 8 years go because politicians have been afraid that they would be demagogued in the election. We have missed an opportunity over the last 8 years by not having the leadership in the White House to move ahead with saving Social Security. Instead, we have had words saying Social Security should come first but no legislation proposed that could be scored to keep Social Security solvent over the next 75 years.

Here is part of the demographic problems. The coming Social Security crisis, pay-as-you-go retirement system, will not meet the challenge of demographic change.

Workers per Social Security beneficiary. Back in 1940, here are 38 workers paying in their taxes for every one retiree. Today there are three workers paying in their taxes for every one retiree, and the estimate is by 2025 there are only going to be two workers paying in their benefits that is going to cover the Social Security check for every one retiree. So if that person's Social Security benefits end up being whatever, $15,000, or $1,200, $1,500 a month, those two workers are going to have to pay in that $600 or $750 a month each to cover those benefits of that one retiree. So we would let taxes go that high.

This depicts sort of graphically the short-term surplus and the long-term future deficits. Remember, I mentioned this red represents $120 trillion, $120 trillion that we are going to be short; that that much more is needed over and above the Social Security taxes to accommodate the promises that we have made in Social Security. Because we have been raising taxes a great deal on the fewer and fewer workers, we have ended up with a short-term surplus, and Republicans came in as a majority in 1995 and for the first time we started not using all of the Social Security surplus for other government program spending. For the first time in 40 years we started saying, look, we have to stop spending the Social Security surplus, and last year we called it a lockbox. Whatever it is called, what we did was made a decision, and we enforced it by saying we are not going to spend any of the Social Security surplus on any other programs.

We talk about all of these huge surpluses. Most of the surplus coming in is from the Social Security tax.

Let me just give three numbers in terms of what is going to happen this current fiscal year that started the first of this month. This year we are estimating that we are going to take in $533 billion of Social Security taxes, $533 billion coming in. What is needed to pay benefits this year is $367 billion. That means we have a surplus in Social Security of $166 billion. So the $166 billion that is coming in from the Social Security tax, where we are really at this time at least overtaxing American workers to come up with the extra money and we are using that extra money to pay down the debt held by the public. So what we will do is we will write an IOU to the Social Security trust fund. There is a box down in Maryland full of IOUs where we have spent the money in the past, where we have borrowed it and spent it for other things; and this current year we expect to take $166 billion for the Social Security surplus, write an IOU for it, and use that money to pay down the public debt.

This is Barry Pump. I do not know if the cameras see him; but Barry Pump is from Iowa, one of our star pages. So I thank Barry very much.

Economic growth will not fix Social Security. So some have said the economy is great, it is going to mean that we are not going to have the Social Security problems; let us keep this economy rolling and we can quit worrying about Social Security. Untrue.

Social Security benefits are indexed to wage growth. So the higher one's wages, when they retire the higher their benefits.

So an increased economy means that more taxes are paid in earlier; but later on when one eventually retires, they are going to take more benefits out. So the growing expanding economy, the way we have Social Security structured right now, is not going to solve the problem. I mean, that is why 4 years ago when I introduced my bill Social Security was estimated to go insolvent, to not have enough money coming in in 2012.

The expanding economy over the last 3 years has grown enough, a lot of it coming in from capital gains taxes, by the way, has grown enough that short-term, as far as the extra money coming in, means that we will have enough money to cover benefits another extra 3 years until 2015. Growth makes the numbers look better now but leaves a larger hole to fill later.

The administration has used these short-term advantages as an excuse to do nothing; and I just want to emphasize that this growing economy, though they can say, look, the Social Security trust fund is going to be there to pay benefits until 2035, it used to be 2032, or we are not going to have enough money coming in from the Social Security tax by 2012, now we are extended to 2015, does not solve the long-term financial fiscal problems for Social Security because the paychecks going out later on are going to be that much greater.

I think this is important that most Americans do not realize. Somehow they feel that somehow they earn something with a Social Security account, a Social Security fund. Not true. There is no Social Security account with their name on it. These trust fund balances, and I am quoting from the Office of Management and Budget of this administration, these trust fund balances are available to finance future benefit payments and other trust fund expenditures but only in a bookkeeping sense. They are claims on the Treasury that when redeemed will have to be financed by raising taxes, borrowing from the public, or reducing benefits or somehow reducing other government expenditures.

Again, the source is the Office of Management and Budget. I think it is interesting to note that the Supreme Court now in two decisions has ruled that there is no entitlement for Social Security. Regardless of how many years one paid into Social Security, Social Security is a tax. The benefits are whatever Congress and the President decide those benefits are going to be. So what we have seen in the past, when there was a financial problem in 1977, 1983, when they were coming short of money, they reduced benefits and increased taxes. I just stress as vigorously as I can that it is going to be unconscionable to yet again raise taxes on the American worker.

We will see a chart later I have, but right now 75 percent of American workers pay more in the Social Security tax than they do in the income tax.

This represents the public debt versus the Social Security shortfall. Our total debt in this country, what we owe the trust funds and what we owe in Treasury bills, is $3.4 trillion. The shortfall of Social Security between now and 2057 is $46.6 trillion.

Vice President GORE is suggesting that if we pay off this debt by using extra Social Security money coming in and any other surplus that can be found, that if we pay off this debt it is going to solve this problem and keep

Social Security solvent until 2057. It is like adding another giant IOU to the trust fund. So technically if this Chamber passed a bill saying we are going to write an IOU for $9 trillion to the Social Security trust fund, the actuaries would say well, this will keep Social Security solvent for the next 75 years. The fact is that the challenge, the problem, is coming up with those dollars once we have fewer dollars coming in on the taxes than are required for the benefits.

I am going to portray this in another way. The blue at the bottom, the light blue, represents the $260 billion that we are now using to pay on financing the debt, the interest on that particular debt approaching $300 billion. Vice President GORE is suggesting that if we dedicate somehow this savings every year for the next 75 years to Social Security, it will keep Social Security solvent.

So what the difference between the $46.6 trillion that is needed and what this interest savings will be is $35 trillion. So the red part of this graph represents the shortfall that still is going to be there even if this Chamber and the Senate and the President has the guts, has the intestinal fortitude, to dedicate this kind of interest rate savings to Social Security. It is a problem that cannot be solved by adding IOUs.

☐ 2030

The biggest risk is doing nothing at all. Social Security has a total unfunded liability of over $9 trillion. I mentioned that over the next 75 years you need $120 trillion of future dollars, that inflated future dollar. To raise that $120 trillion over the next 75 years, you need $9 trillion today. So Alan Greenspan, the Chairman of the Federal Reserve, suggests that we need $9 trillion today, so put it in a real interest bearing account that will bring in 6 to 7 percent real return in order to accommodate the $120 trillion shortfall over the next 75 years.

Nine trillion dollars we have got to come up with today if we are going to solve the problem and not make any changes in this program, and not get any better return on the investment than we are getting on Social Security now, which is less than 2 percent for the average taxpayer.

The Social Security trust fund contains nothing but IOUs. To keep paying promised Social Security benefits, the payroll tax will have to be increased by nearly 50 percent, or benefits will have to be cut by 30 percent.

Everyone should start out with a prerequisite that we are not going to increase taxes once again, and we are not going to cut benefits for existing retirees or near term retirees. Somehow we have got to do a better job on getting a better return on that investment.

The Social Security lockbox. A little bit of a gimmick, but it has served us well in trying to make sure that we do not spend the Social Security surplus. It saves the Social Security trust fund dollars for Social Security. It keeps Washington's big spenders from using trust fund dollars for other government spending.

I have heard the Vice President say, look, we need that lockbox for Social Security. The House, this Chamber, has passed the lockbox language. We have sent it to the Senate. Now the Democrats in the Senate are filibustering that so it is not passed into a bill and sent to the President.

If Vice President GORE really wants to implement that lockbox provision to make sure that we do not spend the Social Security surplus, then I think probably all he has to do is tell that particular Chamber that they should go ahead and pass the legislation.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SHIMKUS). The Chair would remind the gentleman not to cast reflections on the other Chamber, such as characterizing Senate action or their activities.

Mr. SMITH of Michigan. Thank you, Mr. Speaker, and I would apologize if I did that.

Mr. Speaker, this Chamber passed the bill. It has languished over in the Senate. With the Vice President's help, I am sure we could get it through the Senate Chamber.

The diminishing return of your Social Security investment. The average Social Security taxpayer will receive a 1.9 percent interest rate, real interest rate return, on what that worker and their employer, or, if they are self-employed, what they pay into Social Security. So the average worker is not going to live long enough, even though our life spans are substantially increasing, to get back what they have paid in in Social Security tax. So that is part of the problem, is getting a better return on that investment.

The real return on Social Security is 1.9 percent for most workers, and it shows a negative return, as you see over here, for some, compared to over 7 percent for the marketplace. So the marketplace for the last 120 years has averaged a return of 7 percent, a real return. This is what this graph depicts.

You have a negative return if you happen to be a minority. The reason is that a young black worker today, their life expectancy is about 62.5 years. That means they can work all their life, paying into Social Security, but, on average, they die before they start taking any benefits out, and they are substantially shortchanged. But even the average, even the best, even the person that lives to be 105, on average they are only going to get a return that is 1.9 percent real return on the money, tax money, that has been sent in. And this is over and above that amount of the Social Security tax that is used for insurance, for disability insurance. This only counts that amount that is put into the OSDI fund. Again, on the average, the market return is 7 percent.

Another way of depicting the problem, because it is sort of like maybe the mechanic that knows the operation of the internal combustion engine, so they are very careful about taking care of their automobile, and they change the oil and they do the lubrication on a regular basis.

Well, I have been studying Social Security now for 7 years. I know the internal workings of Social Security, and it is running out of lubrication. The friction currently on Social Security means that there are going to be tremendous problems in the future, and that huge liability is going to fall on our kids and our grandkids.

I am a farmer from Michigan, and traditionally we have always tried to pay down the farm mortgage in an effort to leave our kids a little better off. This government, this Congress, this White House, is now taking a course where we are jeopardizing the potential happiness and success of our kids and our grandkids by leaving them this great huge obligation. We have got to deal with it, we have got to change it. It has to be more than rhetoric. It has got to be real action for written bills that can keep Social Security solvent.

This chart, very briefly, is the number of years it takes to get back your Social Security tax. If you were lucky enough to retire in 1940, because of the low taxes, you could get back everything you and your employer paid in in 2 months. By 1980, you have to live 4 years after retirement.

If you retire in 2005, you have got to live 23 years after retirement to break even, to get back just what you and your employer put in into the tax. In 1983, they increased the age limit that starts this next year, and that is why this sort of levels off up here. But by 2015 and 2025, you are going to have to live 26 years after you retire in order to get back what you and your employer paid in. I am not sure our medical technology is going to be that good by that time. It may be, but a better way to do it is to make some changes now that will mean that our kids and our grandkids are not put under this huge burden and that they can appreciate the benefits of Social Security, as their grandparents and their parents hopefully have.

This is a picture of my grandkids getting ready for Halloween. Whether it is Selena or James or Henry or George, he is a real tiger, or Emily or Clair or Francis or Nicholas. Nicholas is now 13. When he retires, he is going to have this challenge, not to mention his younger brothers and sisters and cousins, that they are going to have if we do not do something on Social Security.

I put the picture of my grandkids on my office wall. As I walk out to vote, I try to make my voting decisions on how it will affect this country and the future generations of this country 15, 20, 30, 40 years from now.

We have got to start looking longer range. We have got to start dealing with the two important programs that we have for seniors, Medicare and Social Security; and Medicaid with nursing home care is another issue that we have got to start dealing with.

We cannot keep putting it off simply because it is hard, because it is a difficult problem, simply because somebody might criticize us for things or portions that we do in it. Somehow Republicans and Democrats have got to get together and seriously move ahead.

This chart represents what we have done in the past. I do not know if the cameras still show my grandkids, but imagine them up there, because what we are going to do with their taxes down here can be very significant. Here is what we have done in 1940, 1960, 1980 and 2000. In 1940 the rate was 2 percent and the base was $3,000. So the total amount of tax for the employee and the employer was $60, combined; combined.

In 1960, it got to 6 percent, and the base was $4,800. So you, the employee, paid 3 percent on the first $4,800, and the employer paid the same; a maximum tax combined for the employee and the employer of $288.

It got up to 1980, and they raised the tax again; got into a little problem, so this Chamber decided, well, an easy way to do it is load more taxes on the American worker. So, again we increased the tax up to 10.16 on the first $25,900, total possible tax for employee and employer combined, $2,631.

In 2000, we got up to 12.4 percent on the first $76,200, a total tax now of $9,448.

Mr. DREIER. Mr. Speaker, if the gentleman would yield, I would like to congratulate my friend. I just walked in, and I see the picture and I see the headline saying ''increasing payroll taxes again is not the answer.''

I would like to say that I could not agree with the gentleman more. Obviously increasing the payroll taxes would be a horrible thing on those struggling workers, certainly the middle-income wage earners.

Mr. Speaker, I would simply like to compliment my colleague on this very interesting special order.

Mr. SMITH of Michigan. Mr. Speaker, reclaiming my time, I would certainly thank the gentleman from California (Mr. DREIER), the chairman of our Committee on Rules.

Mr. Speaker, just finishing the taxes, and maybe really what we have not finished is the bottom line. If we do not get a better return on the investment, we are in for real problems. Governor Bush has suggested that we have some real investment that stays within Social Security; that is not going outside of the Social Security system, but simply allows a better return on some of the money.

We can do better. As we know, you can get a CD and do better than a 1.9 percent return. Any return that we can expand over and above 1.9 percent on average is going to mean that retirees live a better life.

My oldest grandson's name is Nick Smith. Maybe that is my immorality. But Nick painted the fence for us this past year. He made $180, and I said, Nick, you really need to put some of that into a Roth IRA. Then I went through the tables year by year on the magic of compound interest. So we went year by year and found out that by age 66, he would have almost $70,000; and if he waited until he was 72 to take that money out at the rate investments have been earning money over the last 100 years on average, it would end up $140,000.

He said, well, grandpa, can I still put some money, maybe, in your Roth IRA, but I want to save most of it to buy a car.

That is part of the problem we are facing today. Our savings and investment in this country is still low, and that means two things. It means we do not have the money to do the research, to put into the companies, to expand to the best possible state-of-the-art machinery to compete in this world, but it also means that the retirement for these individuals is not going to be as good as it really could be.

With good investments, let me say, and I am going to show you some examples from Texas and California, with good investments, a modest-income worker today can retire as a rich retiree. This is one of the problems why it is so important, I think, that we do not again raise taxes on the working poor in this country, on the average working family.

This pie chart represents that 78 percent of families now pay more in the payroll tax than they do the income tax.

☐ 2045

Mr. Speaker, 78 percent of our families pay more in the FICA tax than the payroll deduction. Actually, it drops down to 74; 74 percent pay more in the Social Security tax than they do in the income tax.

Let us not raise taxes again. The longer we put off this decision, the longer we put off this decision, the more drastic the changes are going to have to be. So the bills that I introduced in 1995 and 1997 were less drastic, it did not have to make the kind of changes, but the bill I introduced this year actually had to borrow some money from the onbudget surplus to accommodate the transition to make the system work, to make the system solvent, without reducing any benefits for existing or near-term retirees and without increasing taxes. The longer we wait, the more drastic the solution. So let us do it.

Mr. Speaker, the six principles of saving Social Security that Governor Bush has proposed, that are consistent with the bills many of us have introduced: protect current and future beneficiaries; allow freedom of choice; preserve the safety net; make Americans better off, not worse off; create a fully funded system; no tax increases.

Mr. Speaker, let us talk just for a second about personal retirement accounts. They do not come out of Social Security. They stay in Social Security, and they are part of your retirement. They can only be used for retirement purposes, and the way Governor Bush has proposed, the way I have proposed, the way the gentleman from Texas (Mr. STENHOLM) and the gentleman from Arizona (Mr. KOLBE) have all proposed is that we have limited safe investments, that we can only invest in certain safe investments, such as an IRA or a 401(k) or the Thrift Savings Plan that we have for Federal employees, where you get your choice of four or five safe investments to invest in, and then you can only use it for retirement purposes.

They become part of your Social Security retirement benefits. A worker will own his or her retirement account; and if you die before you reach retirement age, it is not a case where you get zero, zip, nothing; but it will go into your estate for your heirs and, again, limited to safe investments that will earn more than the 1.9 percent paid by Social Security. That is dramatic maybe, but no new taxes, no cut in benefits for existing or near-term retirees.

Mr. Speaker, I borrowed a lot of these charts from Senator ROD GRAMS. He has also introduced a Social Security bill that keeps Social Security solvent that allows choice within safe savings accounts. Personal retirement accounts offer more retirement security. If John Doe makes an average of $36,000 a year, he can expect monthly pays of $6,514 from his personal retirement account compared to Social Security, which is $1,280. And that is because of the magic of compound interest.

Mr. Speaker, choosing personal accounts, in our law in 1935, we gave State and local governments the option of whether or not to go into Social Security or set up their own retirement pension system, where they could do their own investments for their own pension. The Galveston County, Texas, employees reap the benefits. Employees of Galveston County, Texas, opted out of Social Security.

This is how they faired: death benefits under Social Security $253. You get a burial benefit. Under the Galveston plan, you get $75,000 death benefit. Disability benefits per month, Social Security $1,280, and Galveston plan, they are ending up with $2,749.

This is disability. This is retirement. The retirement benefits per month, retirement is the same as disability under Social Security $1,280; but under the Galveston plan for retirement benefits, it is $4,790 a month compared to Social Security of $1,280 a month for that same person if they had paid into Social Security and let government use the money the way the government administers and uses this program. Spouses and survivors benefit under the Galveston County plan.

I use these plans to try to argue to my grandson Nick Smith why the magic of compound interest is so important and why savings and investment now can make a huge difference.

This is a quote from a young lady whose husband died, and she said, ''Thank God that some wise men privatized Social Security here. If I had regular Social Security, I'd be broke.'' After her husband died, Wendy Colehill used her death-benefit check of $126,000 to pay for his funeral expenses and she entered college. Under Social Security, she would have received a mere $255. Fairly young, so he died at an early age, she was not eligible for all of those benefits.

How do we save Social Security? That is the question. Right now, as chairman of the Joint Task Force on Social Security, some of the witnesses came in making predictions with the new RD&A technology, the new gene sequencing, where the new gene catalog and the nanotechnology that is developing very rapidly, they were estimating that within 25 years a person would have the option of whether or not they wanted to live to be 100 years old; and within 35 years, our technology would be such that they could have the option of whether or not to live to be 120 years old. Tremendous policy implications, let alone the increased argument that young people more than ever before should be as diligent as possible to save and invest today.

You should take that money out, get it out, have it directly taken out of your paycheck, maybe, something to add to those retirement benefits, because you need that personal savings on top of Social Security even at its best, even if we can solve it.

Again, San Diego enjoys the personal retirement accounts because they opted out of Social Security. A 30-year-old employee who earns a salary of $30,000 for 35 years and contributes 6 percent to his personal retirement account would receive $3,000 per month in retirement. Under the current system, he would contribute twice as much, but receive only $1,077 in Social Security.

The difference between the San Diego system and the PRAs and the Social Security is more than the difference in a check. It is also the difference between ownership and depending on politicians in Washington on what they do with your Social Security. Even those who oppose PRAs agree they offer more retirement security.

This is interesting. It is a letter from Senator BARBARA BOXER, Senator DIANE FEINSTEIN, and Senator TED KENNEDY to President Clinton allow the PRAs in San Diego to continue and not go into Social Security. They said in the letter to the President, quote, ''Millions of our constituents will receive higher retirement benefits from their current public pensions than they would under Social Security. So let them keep Social Security. At least that has to be an option.''

Nobody is proposing, Governor Bush is not proposing that it be a mandate. Everybody is saying it is still an option whether you want the potential to earn more money where it belongs to you, where it is in your account; but if you want to stay in the existing system, you can.

The United States certainly trails other countries in saving its retirement system. In the 18 years since Chile offered PRAs, 95 percent of Chilean workers have created accounts. Their average rate of return has been 11.3 percent per year. Among others, Australia, Britain, Switzerland offer workers PRAs.

I represented this country in an international conclave, if you will, discussing public pension retirement benefits and listening to those other countries what they are doing to very quickly move ahead with getting a better return on some of that investment. It made me feel somewhat embarrassed as we lag behind, as we have been unwillingly to step up to the plate, if you will, and make some solid decisions that are going to save Social Security, one of our most important programs.

British workers chose PRAs with 10 percent returns. And who could blame them compared to our 1.9 percent return we are getting? Two out of three British workers enrolled in the second tier Social Security, they have half of it they allow to go into the second tier. They chose to enroll in PRAs. The British workers have enjoyed a 10 percent on their pension investment.

Over the past few years, the pool of PRAs in Britain exceeds nearly $1.4 trillion larger than their entire economy and larger than the private pensions of all other European countries combined. So what we have now is other European countries that are following the lead of Australia, Chile, Great Britain in terms of looking at ways to get a better return on the investment that is coming in.

Based on a family income of $58,475, the return on a PRA is even better. If you invest 2 percent of what you earn versus 6 percent for pink or if you are investing 10 percent, which is the dark purple, and if you were to invest that kind of money over 20 years and 30 years and 40 years, even at the 2 percent, you see you have $55,000 at the end of 20 years. That is the magic of compound interest. In 30 years, it keeps going up, and by 40 years, it is worth $278,000.

Look at what happens if you were to invest 10 percent and the Social Security tax is now 12.4 percent. It takes about 2 percent for the disability insurance program. Nobody is touching that. That insurance has to stay in place for the disability portion; but eventually, if you were allowed to invest 10 percent or you dig into your pocket and come up with other investments to account for 10 percent, in 40 years that would be worth $1,389,000; and if you have a 10 percent return on that, you would not have to go into the base, but just the interest would be $138,000 a year. A 5 percent return would be half of that, or about 70,000 a year.

The magic of compound interest is important. Somehow we have to allow and provide ways for more Americans to save and invest more.

Mr. Speaker, I saved out the chart of my grandkids just to stress with every grandparent, with every parent that might be listening tonight, with every young student who is really the kids that are at risk for the kind of future that we might give them, if we do nothing, because the potential is that they are going to have to pay huge tax obligations, Vice President Gore by suggesting that we add another IOU and take the interest savings and apply it to other Social Security and, therefore, the trust fund gets big enough to pay it simply demands that sometime in the future, somebody is going to have to come up with that money to pay off the trust fund.

To do that, what we have done in the past is increase taxes; that is the easiest thing for this Chamber to do. It is the worst thing for our economy. There are only three ways to come up with the money. Let me point that out; I will put my pointer down so I can use my hands as I conclude this last statement.

Some people have said, do not worry, there is a trust fund out there. If we use the payback, the money from the trust fund, Social Security will last until 2035; and for the most of us, that is long enough.

I would suggest to you that there is no difference between having a trust fund and not having a trust fund, if we are going to keep our commitment that we are going to provide the benefits that we promised, because if we do not have a trust fund, the way to come up with the money to continue paying benefits is threefold. You either borrow the money from the public, and all the leading economists say if we were to borrow $120 trillion over the next 75 years, it would so disrupt our economy that it would be disastrous for the United States of America.

☐ 2100

So if we cannot borrow it, then how about the option of increasing taxes? That is the other option, increasing taxes.

Of course, the third option is cutting benefits. What they did in 1973 and again in 1983, before I got here, was they did both, increased taxes and cut benefits. Let us not do that again.

Those are the same alternatives we would have if we have a trust fund. So to pay back the money that is in the trust fund, we still have to raise taxes or cut other spending, or increase public borrowing. So, in effect, it is the same having or not having a trust fund.

It is important to pay down the public debt. It is a good start. It means we do not start spending the money for other government programs, and that is the danger.

The argument between the Republicans and the Democrats is, the Republicans say, let us get the money out of town. Otherwise, we will spend it. The Democrats say, we will pay down the debt but we have a lot of increased spending we want to do.

The challenge is not whether we cut spending or pay down the debt, the challenge is, are we going to hold down spending in this country? Can we get this money out of town in some way?

The first choice would be to continue to pay down the debt held by the public with all of these surpluses that we bring in. We have decided 2 weeks ago, our Republican majority, that we were going to draw a line in the sand. Like last year, we drew a line in the sand saying, here is the social security lockbox. We are not going to spend any of the social security surplus for any government programs.

We held to it, we did it. That was good. This year we went further. We said, of all of the social security surplus, of all of the surplus coming into all of the other 120 trust funds, where most of the money is coming from, of all of the surplus, on-budget and off-budget, we are going to take 90 percent of that and use that money to pay down the debt held by the public.

Good. Good policy. That leaves 10 percent that we are arguing about, and that we hope to conclude this budget and this spending this year as we argue about that remaining 10 percent. But I think we have the edge now in the support of public opinion that we at least take 90 percent of all that surplus and use it to pay down the public debt.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 114, FURTHER CONTINUING APPROPRIATIONS, FISCAL YEAR 2001

Mr. DREIER, from the Committee on Rules (during the special order of Mr. SMITH of Michigan), submitted a privileged report (Rept. No. 106–989) on the resolution (H. Res. 637) providing for consideration of the joint resolution (H.J. Res. 114) making further continuing appropriations for the fiscal year 2001, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 4635, DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 2001

Mr. DREIER, from the Committee on Rules (during the special order of Mr. SMITH of Michigan), submitted a privileged report (Rept. No. 106–990) on the resolution (H. Res. 638) waiving points of order against the conference report to accompany the bill (H.R. 4635) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices 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 S. 2796, WATER RESOURCES DEVELOPMENT ACT OF 2000

Mr. DREIER, from the Committee on Rules (during the special order of Mr. SMITH of Michigan), submitted a privileged report (Rept. No. 106–991) on the resolution (H. Res. 639) providing for consideration of the Senate bill (S. 2796) to provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF MOTIONS TO SUSPEND THE RULES

Mr. DREIER, from the Committee on Rules (during the special order of Mr. SMITH of Michigan) submitted a privileged report (Rept. No. 106–992) on the resolution (H. Res. 640) providing for the consideration of motions to suspend the rules, which was referred to the House Calendar and ordered to be printed.

ACCESS TO HEALTH INSURANCE

The SPEAKER pro tempore (Mr. SHIMKUS). Under the Speaker's announced policy of January 6, 1999, the gentleman from Pennsylvania (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, I wanted to make reference initially to last night's debate between Vice President AL GORE and Texas Governor Bush, but my focus this evening is on health insurance and the various health care issues that have come into play in this Congress, as well as in the presidential debate last evening.

I have always felt that one of the most important issues that we face and one of the biggest concerns that I have is the inability of many Americans to find health insurance, to be covered by health insurance. The candidates last night presented starkly different views on how to extend coverage to the 42.6 million Americans who currently lack health insurance. That is a large segment of our population, 42.6 million Americans, and it continues to grow.

During their exchange on this issue last night, the Governor said something which I found to be very telling and very disturbing. I wanted to read back what Governor Bush said during the debate. He said, ''There is an issue with uninsured. There sure is. And we have got uninsured in my State. Ours is a big State, a fast-growing State. We share a common border with another nation, but we are providing health care for our people.''

Continuing, the Governor added, ''One thing about insurance, that's a Washington term.''

Mr. Speaker, I was very offended by Governor Bush's referring to insurance, in this context health insurance, as a Washington term. In fact, I consider that remark very elitist and really absurd. All American parents who are out in the real world struggle to find a way to provide insurance for their children. I think they should be very alarmed when the Governor views health insurance as a Washington thing.

Really, all Americans should be alarmed because of his statement that somehow this is a Washington thing. Does that mean that Governor Bush thinks it is okay, for example, that my colleagues here, I will use the opposition, the Republican Members of Congress, the fact that they have health insurance and 42.6 million Americans do not?

And really, I would like to look at Governor Bush's record on the issue of health insurance, because I think that by referring to it as a Washington thing, he belittles it and shows that he really does not have much concern about the 42 million Americans that do not have health insurance.

If we look at the Governor's record in Texas, it shows that Texas has the highest number of uninsured children in the country. When setting up the State's Child Health Insurance Program, which we adopted as a Federal program in this House and was signed into law by President Clinton, but when setting up the State's Child Health Insurance Program pursuant to and with Federal money, Governor Bush wanted to set the eligibility threshold at only 150 percent of the Federal poverty level.

I say that by way of contrast to my own State of New Jersey, which also has a Republican Governor, but set 350 percent of the Federal poverty level for that CHIP Federal kids' health insurance program, or more than twice the level that Governor Bush proposed in Texas.

Now, what happened eventually is the Texas legislature came forward and said they wanted to push this eligibility threshold up to 200 percent, which Governor Bush eventually signed. But the point of the matter, the fact of the matter is that it was possible under the Federal law to push this eligibility higher and to include more children under the Texas child health care program, and Governor Bush did not do it.

So when he says that insurance is a Washington thing, does that mean that he does not really care that much about the kids in Texas, that they should not be able to take advantage of