millions of separate accounts invested in a myriad of stocks and bonds. Much of the money would go to Wall Street investment houses which is why they like the privatization idea so much.

In Chile, which privatized its retirement system in 1981, people pay between 10 and 20 percent of their annual retirement contribution just to maintain their account. The stock market would have to perform spectacularly to make up for that kind of expense.

WHAT'S WRONG WITH INVESTING THE SOCIAL SECURITY FUND IN STOCKS?

Clinton and others are advocating that part of the Social Security system's extra money be invested in the stock market instead of the Treasury, hoping that it would collect more interest there. Because the money would still stay in one big lump, the administrative costs wouldn't stack up the way they would if everyone had their own account.

But again, the stock market is volatile. There's no guarantee that the gamble would pay off.

Dean Baker and others also worry that investing the Social Security Fund in the stock market just opens the door to further privatization. "I think it plays into the hands of people who want individual accounts," he says. "It logically leads people to believe that there's a fortune to be made in the stock market. And if there's a fortune to be made, well then, let me get access to that as an individual. But in fact, there isn't a fortune to be made, because they've overestimated the returns."

As it happens, financial institutions hate this aspect of Clinton's plan. If dollars are going to be invested in the stock market, they want to get a cut. But that won't happen if the government does the investing in one big lump. Financial types have also complained about the "danger" of having the government controlling such a big chunk of change on Wall St.

Because so much of the Social Security reform debate is being driven by Wall Street, Baker believes this plan isn't going anywhere. And he's glad.

RAISING THE RETIREMENT AGE & OTHER "POPULAR IDEAS"

There are many other proposals afloat for "saving" Social Security. There's Clinton's idea of setting up voluntary "Universal Savings Accounts" outside the Social Security system. Workers could contribute through payroll deduction and the government would match their contribution. Workers could then invest this pot of money in the stock market. What's ironic about this plan is that it does nothing to address the alleged crisis in the Social Security system. But it does address the deep desire of Wall Street brokers to get a massive new influx of commissions. And it would also ease the way for cutting back Social Security in the years to come.

Some people have proposed shoring up Social Security by cutting back or even eliminating rich people's access to Social Security. At a time when the rich are filthy rich, this does sound appetizing. But politically, it's probably poison. Because these days, any program that's perceived as a poor people's program is likely to end up on the chopping block—just like Medicaid and welfare.

Some of our elected officials propose raising the eligibility age to get full Social Security benefits as a way of keeping money in the system. The retirement age is already slated to rise from 65 to 67 in the coming years, but they want to force us to work even longer. Proponents of this idea think it's only fair, since Americans are living longer than they used to.

Anyone who can make this argument has probably never worked in a hospital, a refinery, or on a railroad. No one should be forced to do this work at the age of 70! The average black man can't possibly like this idea, since in this country a black man born in 1950 was expected at birth to live only 59 years, on average: he'll never see a dime of Social Security money. Instead, we should be talking about lowering the retirement age to match that in other industrialized countries—and to reflect our growing productivity (See "But Other Countries Do Better.")

One plan by two leading Democrats, Sen. Daniel Patrick Moynihan of New York and Sen. Bob Kerrey of Nebraska, would both increase the retirement age to 68 and reduce Social Security's cost-of-living adjustment by a percentage point. Dean Baker points out that such a COLA cut would really add up for people who live into their 80s and 90s. By the time someone reaches 85, they would see their annual benefit reduced by 19 percent. That makes it hard to pay the rent.

There are more equitable ways to bring more money into the Social Security system. The Labor Party and others advocate eliminating the cap on the payroll tax. But our main message is this: When it comes to Social Security, our most popular and efficient social program . . . if it ain't broke, don't fix it.

EDUCATION FLEXIBILITY PARTNERSHIP ACT OF 1999

SPEECH OF

HON. NANCY PELOSI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 10, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 800) to provide for education flexibility partnerships:

Ms. PELOSI. Mr. Chairman, I rise in support of the Miller Amendment to the Ed Flex Bill to promote educational accountability. We all recognize that education is central to the lives of America's children and is central in our effort to develop healthy communities. At today's Appropriations Subcommittee Labor-HHS-Education Hearing, I listened to the Department of Education's testimony.

They stress the importance of results and performance based educational instruction and funding. While Federal education programs should be administered with flexibility, this flexibility must be met with effective accountability provisions and assurances funds targeted for America's impoverished children.

For these reasons, I support Democratic amendments to strengthen educational reporting and accountability requirements and to require local districts to target funds to economically disadvantaged students. To be effective and accountable, states and schools must develop and maintain effective management and information systems, collect student data, design and implement effective assessment plans, and issue timely and parent-friendly reports.

I support Representative MILLER's amendment to require States that seek waivers to first have in place a viable plan to assess student achievement. It also requires States to use the same plan throughout H.R. 800's full five-year flexibility plan. States must establish, as they determine appropriate, concrete quantifiable goals for all their students as well as specific student subgroups, such as impoverished students. If states find achievement gaps between student subgroups, they must set goals to close these gaps.

We must not choose between flexibility and accountability. America's children deserve both. We must work for both and target our education funds effectively. I urge my colleagues to support the Miller amendment.

EDUCATION FLEXIBILITY PARTNERSHIP ACT OF 1999

SPEECH OF

HON. RODNEY P. FRELINGHUYSEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 10, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 800) to provide for education flexibility partnerships:

Mr. FRELINGHUYSEN. Mr. Chairman, I rise in support of H.R. 800, the Education Flexibility Partnership Act. This bill would expand the "Ed Flex" demonstration program, which is currently in use in 12 states, to allow all 50 states to participate, and has broad, bipartisan support from a number of groups from our governors to our local school boards.

I support this bill because I believe that our states need more flexibility when it comes to making decisions on spending Federal education dollars. Local school board members and school administrators are better positioned than Federal bureaucrats in Washington to make decisions that will lead to positive improvements in our children's education.

The "Ed Flex" bill will allow local school districts to have greater flexibility in how they spend Federal education dollars. It empowers them to determine how to best meet the needs of their students. In exchange, states will get greater accountability from local school districts on how that money is being spent, and whether the flexible spending has improved results.

We hear of numerous examples from the pilot states that have benefitted from the "Ed Flex" program. In these states, scores have increased and students have excelled, even in the poorest areas. My governor in New Jersey, Christine Todd Whitman, has made clear what "Ed Flex" will mean to our students. She said, "Ed Flex would be another tool in our arsenal to better coordinate state and Federal requirements to provide maximum support for our reform efforts with the specific goal of improving student performance."

"Ed Flex" is an idea whose time has come. The flexibility will allow school districts to stretch limited dollars farther, and use money where it is most needed. There must still be accountability from our local school districts on how the money is being spent, and whether core needs—such as math and science education—are being met. This bill provides that accountability.