

with him as a citizen of our State of Nebraska.

Mr. TERRY. Mr. Speaker, I rise today to pay tribute to a great Nebraskan, a respected colleague, and a tremendous friend. Congressman BILL BARRETT is not only a consummate gentleman and a devoted public servant, but he is also able to balance his weighty duties in Congress with his even weightier duties as a father of four, a proud grandfather, and a husband to his remarkable wife, Elsie. Congressman BARRETT has my admiration and respect for a life of public service, and the admiration, respect, and thanks of the entire state of Nebraska. Upon his retirement, he will be missed by an entire state that has looked to him for leadership and guidance in his 30 years of public service.

Congressman BARRETT officially began a life in politics as a member of the Nebraska State Republican Party. He served as Chairman from 1973 to 1975. In 1979 he was elected to Nebraska's State Legislature where he ascended to become Speaker of the Unicameral for his last four years there, from 1987 to 1991. Congressman BARRETT was elected to this body of Congress in 1990. He has spent his entire life devoted to his districts, his state, and his country.

Congressman BARRETT's most notable accomplishment in Congress came in 1996, when his leadership on the Agriculture Committee greatly contributed to passage of the Freedom to Farm Act. The Act's sweeping reforms brought much-needed change to antiquated farm-subsidy programs by replacing them with market-based policies that allow our producers to better compete in a global agricultural economy. He also spearheaded efforts to maintain alcohol fuels tax credits, and in 1998, succeeded in extending a program vital to Nebraska's corn growers and a nation in need of renewable energy resources. Nebraska's farmers, and America's farmers, owe Congressman BARRETT a debt of gratitude.

Before I ran for Congress, I met with Congressman BARRETT on only a half-dozen occasions. He always strikes me as a person who epitomizes Congress. He is a distinguished gentleman who is always well-informed and insightful. It was only after I was elected to this body in 1998 and spent a great deal of time with Congressman BARRETT that my appreciation and respect for him as a person, a father, a grandfather, and a friend blossomed. Plenty of my colleagues are willing to offer advice, but few offer it as genuinely. Congressman BARRETT never pushed his advice on me; he was always available when I sought his sage advice on policy and procedure. Without exception it was sound and rooted in his love for our State. There is no doubt his counsel made me a better representative for Nebraska.

As wonderful a public servant he is, however, Congressman BARRETT is even more remarkable a man for his devout faith, spirituality, and his unbending love of family. When he told me he was days away from announcing his retirement, water welled in his eyes as he looked at my children, Nolan, age 5, and Ryan, age 2, and said, "My grandkids are about the same age and I want to go home and spend time with them." I wish only the best for Congressman BARRETT's family as they gain as a grandfather what we in Con-

gress lose as a colleague. I am fortunate to always have in him a true friend.

Bill, you have the Terry family's and the State of Nebraska's humble thanks and eternal gratitude. We wish that in your retirement, your only job as a grandfather, you find the same fulfillment and richness you found in your years of service to Nebraska and to our great country. God bless you.

GENERAL LEAVE

Mr. BEREUTER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of my Special Order.

The SPEAKER pro tempore (Mr. SHIMKUS). Is there objection to the request of the gentleman from Nebraska?

There was no objection.

A GENERATION AT RISK

The SPEAKER pro tempore. As no Member is present to take the time reserved to the minority leader, the Chair recognizes the gentleman from Michigan (Mr. SMITH) for 60 minutes.

Mr. SMITH of Michigan. Mr. Speaker, happy Halloween. This is probably as close as I am going to get to my grandchildren tonight, and they are sort of demonstrating their Halloween outfits. My daughter, Elizabeth, and her husband, Fred, are the mom and dad to Salena and James, and then everybody else comes from Brad and Diane, and Brad and Diane live with me on the farm. Brad is an attorney in Ann Arbor, but a farm guy at heart, and these guys are all 4-Hers. Just to prove to my wife that I can do this, this is Henry and George and Emily and Clair and Francis and Nick, and Alexander is missing from this picture.

I start with this picture because, Mr. Speaker, I am going to make some comments tonight about Social Security. If there is a generation at risk, if we continue to fail to make the changes necessary to keep Social Security and Medicare solvent, this is the generation at risk.

The next chart I am going to show is why they are at risk, because it represents what we have done on tax increases on Social Security in the past. In 1940, the rate was 2 percent, 1 percent for the employee and 1 percent for the employer. The base was \$3,000, so the total tax per year for employee and employer was \$60.

□ 2300

By 1960, it got up to 6 percent of the first \$4,800 for the total tax, employer and employee, \$144 each, \$288 combined. By 1980, we again increased taxes, and we were doing this as the number of workers per retiree kept going down.

In 1940, we had 38 workers paying in their Social Security tax, 38 of them, to cover the benefits of one retiree.

Today, as our tax rate has gone to 12.4 percent of the first \$76,000 for a total of \$9,448, we have three workers paying in that large tax to cover the benefits of every one retiree, and the guess is that within 20 years to 25 years, we will be down to two workers.

Mr. Speaker, I am concerned about my grandkids and everybody's grandkids, in terms of the kind of tax they are going to be asked to pay if this country continues to give them the burden of a greater debt, a greater mortgage.

I am a farmer from Michigan; and on the farm, we always had a goal of trying to pay down the mortgage so that our kids had a little better chance of having a good life, of having some income, as compared to their parents and their grandparents. This Chamber, this body, the Senate and the President has started borrowing money, because somehow we feel that we are so important in this generation that we can borrow more and more money.

The debt of this country is now \$5.6 trillion that we are justified in borrowing this additional money to satisfy what we consider very important needs of this existing generation, if you will; and we leave our kids with that larger mortgage, that larger debt. I think that is bad policy, what we have started doing of not using the Social Security surplus money coming in.

After the 1983 taxes that drove this up to 12.4 percent and indexed the base rate, which is now \$76,000 going with inflation, for a short period of time, there is more money coming in than is used for benefits; and what has been happening for the last 40 years is Congress has been spending that extra money on other government programs. So the money sort of disappears.

We started 3 years ago, it was a bill I originally introduced, that said we have to have a rescission. We cannot spend the Social Security surplus. With the bill of the gentleman from California (Mr. HERGER) last year, we passed what was called a lockbox. And the lockbox simply said we are not going to use any of the Social Security surplus for any government programs, and it is going to be used for Social Security or to pay down the debt held by the public. That is what we did last year.

It got popular support, so the President went along with it. This year we came up with another policy tool and said, look, the American people will support us if we say that we are going to take 90 percent of the surplus. Look, times are good now. There is extra money rolling in. And the danger is, of course, that this Chamber decides to spend it on government programs, rather than paying down the debt.

We decided in our Republican Caucus about 4 weeks ago that we were going to draw the line in the sand on spending and say at least 90 percent of that

surplus is going to be used to pay down the debt held by the public, and that is what we are arguing about now is what to do with the other 10 percent. That is significant, because it still is going to increase spending substantially.

Speaking of Halloween, I personally feel that we sort of got tricked by the President last night when he vetoed the Treasury Postal bill and Legislative Service branch bill. He vetoed it because he wanted something in the legislation that we are now debating that this Congress was not sure that they wanted to give him, so he decided to veto that bill.

Mr. Speaker, it sets us farther behind. I think it was a disservice to the communication, to the cooperation between the Congress and the White House, and I think probably it is going to end up that we are going to have that much greater difficulty coming to a bipartisan agreement on these appropriation bills in the next couple of weeks.

Social Security has been a debate with both Governor Bush and Vice President GORE. We have heard on the campaign trail what do we do about Social Security. And the Vice President has criticized Governor Bush for wanting to take some of this money and put it into privately owned retirement accounts that could be invested in safe investments.

The criticism was that the Governor was taking a trillion dollars away from Social Security to pay benefits and he was trying to use it for both setting of personal retirement accounts and trying to pay benefits with it at the same time.

I thought it would be good to review just what is happening over the next 10 years with Social Security revenues. Revenues coming in to Social Security over the next 10 years are going to be \$7.8 trillion. The costs of benefits over this next 10-year period are going to be \$5.4 trillion; that leaves a surplus or an extra amount of \$2.4 trillion.

Governor George Bush was suggesting that we take \$1 trillion down here at the bottom green, \$1 trillion out of that \$2.4 trillion and use it for, if you will, transition, starting to set up these personally owned accounts for individuals that if they die it goes into their own estate. Unlike Social Security today, if you pay in all of your life and you die before you go into retirement, you do not get anything.

This other chart sort of represents the problem, some of the rewards that some people would have if they were to invest with the magic of compound interest. This chart shows that a family that has \$58,475, and that was figured an average for an area of Michigan, that if they put that into an investment and invested, the blue would be 2 percent of their income, the pink would be 6 percent of the income, purple would be 10 percent of their income. If

they just invested it for 20 years with the magic of compound interest, in 20 years they would be at 2 percent. It would be worth \$55,000; and this is at 2 percent of the investing, 2 percent of their earnings. If they invested 10 percent, it would be worth \$274,000 in 20 years.

But most of us start working at 18, 20, 22, and we work for 40 years until we are 62 or 65 maybe even. So if you were to leave money for 40 years, which is the far right-hand bar charts, and you were to do it for 2 percent of your income, you would accrue \$278,000, if it was 6 percent of your income. Remember, Social Security taxes are 12.4 percent of everything you earn.

If you were to do it for the 6 percent, it would be \$833,000; or if you would invest 10 percent of that income and leave the 2.4 percent for the disability insurance part of the Social Security, if you were allowed to invest that, you would end up with a \$1,389,000. At 5 percent interest, you could have \$70,000 a year and not even go into the principal.

Social Security started with, of course, Franklin Delano Roosevelt in 1935. When President Roosevelt created the Social Security program, he wanted it to feature a private sector component to build retirement income. And Social Security was supposed to be one leg of a three-legged stool to support retirees. The other two legs were to be personal savings and private pension plans.

It is interesting researching the archives and the debate in the House and the Senate. The Senate on two different votes in 1935 said that private investment savings, that could only be used for retirement purposes, but owned by the individual should be an option to a government-run program. When the House and the Senate went into conference, the House prevailed, and we ended up with a total government-run program.

□ 2310

And now, because of the demographics, because people are living longer life spans, when we started Social Security the average life span was 62½ years. That meant that most people paid into Social Security all their life, but did not get anything out of it. The system worked very well then.

But now, people are living longer and, at the same time, the birth rate has decreased substantially after the baby boomers, and so we ended up with fewer workers for more retirees, which makes the pay-as-you-go program not workable anymore. Social Security is now insolvent as scored by the Social Security actuaries.

So the problem facing this Congress is how do we come up with the extra dollars to pay the benefits? I think we have made a commitment to retirees. We take their money while they are working and the implied commitment

is that they are going to get something when they retire. However, when this was challenged to the Supreme Court, when government refused payment at one time, the Supreme Court on two different occasions now has ruled that there is no entitlement for Social Security. That Social Security is simply a tax that Washington has imposed on workers and any benefits are simply another law that is passed to give some benefits, but there is no relationship, no entitlement.

So the argument for at least some of that money being in private-owned accounts where Washington cannot reduce benefits, or yet again increase taxes, I think has a great deal of merit, above and beyond the fact that we can get a lot better return on our investment with some of those investments.

Let me just briefly show the predicament that Social Security is in. Seventy-eight million baby boomers begin retiring in 2008. They are now paying in at maximum earning. These are big earners paying in a heavy tax on that higher base and they are going to go out of the paying-in mode and start taking out. Because benefits are directly related to what we paid in and what we earned, their benefits are going to be higher than average.

So the actuaries are now predicting that we are going to be short of money and not having enough money by 2015. Social Security trust funds go broke in 2037, although the crisis arrives much sooner. The crisis arrives in 2015 when there is less money coming in in taxes than there is needed to pay benefits.

So the question is for Social Security, how do we come up with that extra money? It is not just speculation from people with green eyeshades on, economists making some predictions. It is an absolute. Insolvency is certain. We know how many people there are. We know when they are going to retire. We know people will live longer in retirement. We know how much they will pay in and how much they will take out. And we know payroll taxes will not cover benefits starting in 2015.

The shortfall will add up to \$120 trillion between 2015 and 2075. \$120 trillion. To put that in some kind of perspective, our current budget that we are just passing for this year is \$1.9 trillion. The \$120 trillion is in tomorrow's dollars. The way Alan Greenspan, Chairman of the Federal Reserve, expressed it is the unfunded liability is \$9 trillion. In other words we would need \$9 trillion today to come up with the tomorrow dollars that are going to be the inflated dollars to cover the \$120 trillion needed over and above what is coming in in Social Security taxes.

So, Mr. Speaker, we know there is a huge problem, and yet we have avoided dealing with it because there is a fear by maybe both sides of the aisle, maybe by the President, that they would be criticized for making some

changes in Social Security. And that is obvious. As we listen to the campaigners for the Congress, for the Senate, for the presidency, they want to criticize the other person's Social Security plan. They want to scare people. And it is easy to scare people, because we have almost one-third of our retirees today that depend on Social Security for 90 percent or more of their income. So we can understand, Mr. Speaker, why and how it is easy to demagogue this issue of Social Security.

As I mentioned before, this chart shows the number of workers per each one retiree. In 1940, there were 38 workers paying in their Social Security tax to cover the benefits of each one retiree. Today, there are three. By 2025, there is going to be two. So an extra burden, an extra tax on my grandkids, on everybody's kids and grandkids, and on young workers today if we do not face up to the problem.

This represents the short-term surplus in the blue, and that is because we dramatically increased the Social Security taxes in 1983. We also reduced benefits when Congress dealt with the program in 1983 and we did that in 1977 also. In 1977, when push came to shove on needing additional money, we reduced benefits and increased taxes.

It seems to me that those have got to be part of the criteria of everybody's proposal, they are of Governor Bush's. No tax increases. No cuts in benefits for existing retirees or near-term retirees. And we could have it optional to allow other workers to either stay in the old program or have the opportunity to have some of that money in their name that could be invested in a limited number of safe accounts such as the Thrift Savings Plan, such as the 401(k)s, but even with more restrictions because it could only be used for retirement.

The red represents the \$120 trillion I talked about or the \$9 trillion unfunded liability today that would have to go in a savings account earning a real return of 6.7 percent.

Some have suggested economic growth. In fact I read in *Investors Business Daily* yesterday the suggestion if economic growth continues, it is going to help solve the problem of Social Security. Not so. Here is what happens with economic growth. As wages increase and the economy expand, because of the fact that we index Social Security benefits to wage inflation, which is substantially higher than normal inflation, Social Security goes up faster than normal inflation.

My proposal, in one of the three Social Security bills that I have introduced, the last one and the one before that, over the last 5 years it changes the wage inflation to traditional economic inflation so benefits grow with inflation instead of at the faster rate of wage inflation. When the economy

grows, workers pay more in taxes, but also they will earn more in benefits when they retire. Growth makes the numbers look better now, but leaves a larger hole to fill in later.

So when we have more employment, and the unemployment is at record lows right now, more people are working, more people are paying in their Social Security taxes. The higher wage earners are, because taxes are directly related to earnings, the higher wage earners are even paying in higher taxes. But because Social Security is indexed to wage inflation, everybody is going to get a higher benefit. Those higher wage earners, because Social Security benefits are also directly related to the wages and the Social Security taxes we pay in, in the future are going to get the higher benefits.

So even though it helps in the short run, ultimately benefits have to pay out to accommodate those higher wages. So a strong economy does not cure the Social Security problem.

Mr. Speaker, I just wanted to mention that the administration has used these short-term advantages as an excuse to do nothing. I think we have missed a real opportunity in the last 8 years not to move ahead with Social Security. I thought we were close, and in this Chamber I stood up and cheered and clapped when President Clinton said he was going to put Social Security first and we were going to do something about solving the Social Security problem.

There is no Social Security account with our name on it. A lot of people think that somehow the money they pay in is into their own private account. 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 reducing some other expenditures.

What we have done in the past is increased taxes. So that is why I am concerned that it could develop into almost generational warfare if we start asking our future workers to start contributing a 50 percent increase in their current taxes. The economic predictors are suggesting that within the next 40 years, without changes in the programs, even if we do not add extra benefits such as prescription drugs or whatever, simply to cover the existing program promises of Social Security, Medicare and Medicaid, it is going to take a 47 percent payroll tax.

□ 2320

So payroll taxes would have to go to 47 percent to cover Social Security needs and the Medicare and Medicaid. I think of what would we do today if we were workers paying that kind of tax in addition to an income tax to finance

the other operations and functions of Federal Government. I think there would be a rebellion.

That is what we have got to start looking at is how do we start paying down the debt, how do we start making corrections while we have a surplus coming in so that we do not run into this huge problem in the future. The longer we put off the solution to fix Social Security, the more drastic the changes are going to have to be. I know that for a fact.

I introduced my first bill when I came to Congress in 1993, my second bill and every term since. So I have introduced four Social Security bills. The last three were scored by the Social Security Administration that, in their determination, that these bills kept Social Security solvent for the next 75 years.

I was appointed as chairman of the Committee on the Budget's bipartisan task force on Social Security. So we brought in experts from, not only this country, but around the world to discuss what the problems of Social Security were, how they work, what was the internal operation of Social Security, what was the real problem of Social Security, what were some of the ways that we might fix Social Security.

The Vice President has suggested one way to fix Social Security would be to pay down the debt and use the interest savings to help pay for benefits, and that would keep Social Security solvent over the next 57 years. So he is suggesting, over the next 57 years, there is a shortfall of \$46.6 trillion that will be needed in addition to the money coming in from the Social Security tax to cover the benefits that we say we are going to cover. He is suggesting, by paying down this \$3.4 trillion debt and using that interest, it will keep Social Security solvent. That is, well I hate to say it, but that is fuzzy math. That is not going to work.

Here is another chart, trying to portray this in a different way. The interest that we are paying on the debt held by the public is \$260 billion a year. So there is some reasonableness to add another IOU to the trust fund or to use this money, instead of paying it on interest, to dedicate it to Social Security. But if we dedicate that \$260 billion to Social Security, then we are still left with a shortfall of \$35 trillion.

So the Vice President's program is not going to accommodate the needs to keep Social Security solvent over the next 57 years.

Again, the problem is how do we come up with the money when we run out of tax money and tax revenues coming in? The biggest risk is doing nothing at all.

Social Security has a total unfunded liability, as I mentioned, of \$9 trillion. The Social Security Trust Funds contain 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. Neither one of those options I think is reasonable. That is why we have got to get a better return on the investment of the dollars that are now being sent in in the way of taxes.

Social Security lockbox, we passed it out of this Chamber. It says we are not going to spend any of the Social Security surplus. For the last 40 years, we have spending the Social Security surplus money for other government programs. We put a stop to that with a lockbox. We passed it out of this Chamber. Now it is lagging in the other Chamber. I am sure if the President of that Chamber, the Vice President of the United States, would say, look, let us move this bill out, it would go out. I am sure the President would sign it into law. Then it would be an absolute lockbox.

The diminishing returns of one's Social Security investment. The average retiree now gets 1.9 percent back on the money that they and their employer send in on Social Security. That is over and above the 2.4 percent that are needed for the disability insurance.

The disability insurance is really an insurance program. It is proper that that strictly be a total Federal Government operation. One pays in one's 2.4 percent to cover the insurance that says, look, if one gets hurt or disabled, then one is going to get these kind of benefits out of the Social Security Administration.

So there is no proposals in Congress or in the Senate that suggest that we reach in in any way to that part of the disability insurance program. So when I suggest that 1.9 percent return, I am talking about the rest of one's Social Security contribution taxes that one and one's employer puts in.

On the average, we get 1.9 percent, the middle bar. But over here, we see some people get a negative return. As it happens, minorities, for example, are one group that gets a lower return on their particular investments.

The average return of the marketplace, by the way, is running 7 percent. So the question is, can we do better than the 1.9 percent real return? I think even CDs are paying much better than that now.

So how do we make the transition? If we were to have some private investment, what would that do to the economy of this country? The estimate is that, if we would allow 2 percent out of the 12.4 percent of one's Social Security tax to be invested, maybe 60 percent in equities, 40 percent in indexed equities, 40 percent in indexed bonds, within 15 years, there would be an extra additional \$3 trillion invested.

What happens to these investments? It goes into companies and businesses to allow them to buy the state-of-the-art equipment, to allow them to do the

research to make sure that they are producing the kind of products that people around the world want to buy and the kind of technology that is going to allow us in the United States to produce them more efficiently than any other country. I mean, that is what we have been doing.

I chair the Subcommittee on Basic Research in the Committee on Science. Research is vital. But for the private sector to have the impetus to do that kind of research and develop that kind of equipment that keeps us productive, efficient, and competitive means that they have got to have that investment.

So savings and investment is key. That is why I first became interested in Social Security. I was chairman of the Michigan Senate Finance Committee, and I wrote my first Social Security bill actually while I was in the Michigan Senate because of the fact that our savings and investment in the United States are one of the lowest in the industrialized world.

If we expect that we are going to continue to motivate and have the money for these businesses to do the research and the development, then we have got to have that kind of savings and investment. We give some encouragement by saying to the average worker in this country we are going to allow one to invest part of that tax money. It is going to be in one's name. It is going to be limited, safe investments. One can only use it for retirement. But it means that there is going to be more savings and investment, which is going to spur our economy.

This graph, this bar chart is another way of describing that Social Security is a bad investment for the American worker.

It only took 2 months in 1940. But in 1960, one had to live 2 years after retirement to get back all of the money to break even, to get back all the money one and one's employer put in. By 1980, one has to live 4 years after he retired. By 1995, one has to live 16 years after one retired. So that is living 4 years after one retired in 1980, living 16 years after one retired in 1995, living 23 years after one retired in 2005, just to break even. It is a bad investment on Social Security.

□ 2330

Can we do better on that investment? Can we have a system that allows an average income worker to make some of those investments, to benefit from the magic of compound interest and become a wealthy retiree? The answer is yes, we can do that.

Here is another problem. We kept upping the taxes on the American workers to the point where 78 percent of American workers today pay more in the Social Security tax than they do in the income tax. And that is a very regressive tax.

The six principles of saving Social Security: Protect current and future

beneficiaries. Allow freedom of choice. Freedom of choice means you can either take the option of having some of that money in your own name and having the Government say, okay, you can invest it in an indexed stock or an indexed bond or an indexed global fund but safe investments, as determined by the Social Security Administration or by Congress, when they pass the law.

It preserves the safety net. It never touches the disability insurance portion. Makes Americans better off, not worse off. And creates a fully funded system and no tax increases and no reduction in benefits for existing or near-term retirees.

Personal retirement accounts. They do not come out of Social Security. They stay in the system. Some have suggested that you can have these personal retirement accounts and invest them in some of these limited investments and for every \$6 you make in your equity investments you would lose \$5 in Social Security benefits. So it is a no-lose situation if you were to devise something like that.

In my last piece of legislation, what we did is say that we are going to assume that you can get at least 3½ percent interest real return on your investment and, so, you would offset Social Security benefits.

The other thing I do in my legislation to help keep the Social Security system solvent is I change it from wage inflation to normal economic inflation as far as indexing the increase in benefits. And the third thing I do, I slow down the increase in benefits for high income recipients of Social Security.

It ends up being scored to keep Social Security solvent for the next 75 years with the extra return that can come in from these privately-owned personal retirement accounts.

Personal retirement accounts. I think the important part is that a worker will own his own retirement account and it will not be subject to decisions made by the United States Congress or the President and it is limited to the safe investments and they can earn more than 1.9 percent paid now by Social Security.

Here is an example of some of the personal retirement accounts. If John Doe makes an average of \$36,000 a year, he could expect \$1,280 a month from Social Security or \$6,514 from his personal retirement account.

Galveston, Texas. When we passed Social Security in 1935, there was an option for local and State to not go into the Social Security program and to set up their own personal retirement accounts. Galveston, Texas, ended up doing that. In Galveston, Texas, if you die, your death benefits in Galveston under their personal retirement investment plan is \$75,000. Social Security would pay 253, the disability benefits for a month, and Social Security \$1,280. The Galveston plan is \$2,749. Retirement benefit per month \$1,280, same as

disability. The Galveston plan, on their personal retirement investments, the way they have come out with their investments, is \$4,790 a month.

I am trying to just show the advantages and the magic of compound interest compared to a Government-run program, the pay as you go, that does not have any savings, that does not have any real investment. It does the same thing with their PRAs, personal retirement accounts.

A 30-year-old employee who earns a salary of \$30,000 for 35 years and contributes 6 percent to his PRA would receive \$3,000 per month in retirement. Under the current system, he would contribute twice as much but receive only \$1,077 from Social Security.

The U.S. trails other countries. And I was concerned. I represented the United States in describing our Social Security our public pension system in a meeting in London 4 years ago, and I was impressed at the number of countries around the world that are much more advanced than we are in terms of getting some real return on that tax contribution for their senior citizens.

In the 18 years since Chile offered PRAs, 95 percent of the Chilean workers have created accounts. Their average rate of return has been 11.3 percent per year. And, among others, Australia, Britain, Switzerland offer workers PRAs and they have gone into that system with a better rate of return.

The British worker who chose PRAs is now averaging a 10-percent return. And two out of three British workers that are enrolled in the second tier they call it, allowing you to have some options with half of your Social Security taxes, have invested in that system and the British workers have enjoyed a 10-percent return on their pension investment. The pool of PRAs now in Britain is \$1.4 trillion, larger than the rest of the economy of the whole of Europe.

This chart demonstrates what has happened in equity investments over the last 100 years. And so, some have suggested the market is too risky to invest with the ups and downs. That is why I think it is important that you have indexed investments where you have part of the investment in equities and part of the investment in bonds and part of it would depend on the age that you start these private investments.

The average for the last 100 years has been a real return of 6.7 percent. In the lowest years, in 1917 and 1918, still it was three and a half percent, well above the 1.9 percent return that you are getting from Social Security. But again, if you leave the money in an indexed type of investment, there has never been a period, even around the worst recessions of ever 1918 or 1929, there has never been any 30-year period where there was not a positive return on your investment greater than what

can be made from Social Security. And again, the average of 6.7 percent real return.

I want to conclude by suggesting that maybe we should be positive in our outlook. We have come a long way. We have made a decision to stop the spending of the Social Security surplus. That was good.

When Republicans came in in 1995 after being in the minority in this chamber for I think almost 38 years, we came in very aggressively determined that we were going to balance the budget.

□ 2340

When President Clinton came in in 1993, he and the Democrats decided to increase taxes, so an increase in Social Security tax, an increase in gas tax and other increases in taxes that ended up being one of the largest tax increases in history, 2 years later the American people decided that they were going to give the Republicans a chance in the majority, and what Republicans did is they did not spend that increased revenue.

We caught heck from the Dems. They suggested that we were going to throw hungry children out in the street and there were going to be people without shelters as we suggested that there should be welfare reform. We sent that welfare reform bill twice to President Clinton and Vice President GORE. Both times they vetoed it. Then the public pressure built, so in the spring of 1996, we passed welfare reform. What was amazing about that, I think, is that it started putting people to work, and it started giving them respect for themselves. Instead of just a hand out, it was a hand up. We made a tremendous change in this country. We were fortunate, I think, to have economic growth.

Now the question before us is how do we save Social Security, how do we save Medicare for future generations without putting our kids and our grandkids at risk in terms of the obligation of potentially higher taxes. The way we do it is start dealing with this problem today, start making the changes necessary, stopping the talk and the promises and going ahead with solving Social Security. Several bills have been introduced in this Chamber, several bills in the Senate. I am disappointed that the President has not presented legislation that could be scored as keeping Social Security solvent by the actuaries. And so the challenge for the next President is going to be to face up to some of these tough issues of keeping Social Security solvent. I am optimistic about the idea of at least some of that money being allowed to be used for personal retirement accounts, not only to have some ownership from those individual American workers but also to have some of the magic of compound interest so you

can retire as an even richer retiree than you might have been an average worker.

Of course, the third issue is the increased savings investment and its impact on economic expansion and development and making sure that this great country continues to be the greatest country in the world.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. GEORGE MILLER of California) to revise and extend their remarks and include extraneous material:)

Mr. SHERMAN, for 5 minutes, today.
Ms. EDDIE BERNICE JOHNSON of Texas, for 5 minutes, today.

Mrs. JONES of Ohio, for 5 minutes, today.

Mr. RUSH, for 5 minutes, today.

(The following Members (at the request of Mr. SMITH of Michigan) to revise and extend their remarks and include extraneous material:)

Mr. PETERSON of Pennsylvania, for 5 minutes, today.

Mr. LEACH, for 5 minutes, November 1.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. THOMAS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 782. An act to amend the Older Americans Act of 1965 to extend authorizations of appropriations for programs under the Act, to modernize programs and services for older individuals, and for other purposes.

H.R. 4864. An act to amend title 38, United States Code, to reaffirm and clarify the duty of the Secretary of Veterans Affairs to assist claimants for benefits under laws administered by the Secretary, and for other purposes.

H.J. Res. 120. Joint resolution making further continuing appropriations for the fiscal year 2001, and for other purposes.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Administration, reported that that committee did on the following day present to the President, for his approval, a joint resolution of the House of the following title:

On October 30, 2000:

H.J. Res. 120. Making further continuing appropriations for the fiscal year 2001, and for other purposes.