

We should have more vigorous investigation and enforcement of civil rights laws and government aid to states should be contingent upon affirmative steps by states to comply with those laws.

The most obvious problem for states and localities has been an inability or unwillingness to fund 21st Century election technology. The federal government needs to step in and provide assistance to states to replace old voting machines.

But we need to help states do more than that. States need better trained poll workers and better educated voters.

We need to ensure that polling places are accessible to persons with disabilities. More than that, it is unthinkable in the year 2001 that we have not implemented technology that allows a seeing impaired person to cast an independent secret ballot. The federal government can provide financial assistance and encouragement in this area as well.

We need to use federal dollars to encourage states to make democracy easier, by implementing same day registration procedures.

And there is a "data gap." No unbiased entity is testing voting machines. There has been no rigorous study of whether other innovations, such as an election day holiday, are needed. We need to study these issues very carefully and very quickly.

In short, Congress needs to act and it needs to act soon before these incidents are repeated in the 2002 elections.

Together we have fought to end voting disenfranchisement and secure racial justice in the electoral arena. Today, the fight continues. The voice of each American must be allowed to be heard in our democracy.

BLACK HISTORY MONTH

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Ms. PELOSI) is recognized for 5 minutes.

Ms. PELOSI. Mr. Speaker, I thank the gentleman from Michigan (Mr. SMITH) for his kindness in allowing me this time, and I want to join others in commending the Congressional Black Caucus and our colleague, the gentlewoman from Ohio (Mrs. JONES), for her leadership in calling this Special Order today.

Nothing speaks to the contribution made by the African American community to our great country than the eloquence that we heard on this floor today from our Members and the fine record of achievement by the African American community and the members of the Congressional Black Caucus to Congress over time.

The focus today on this celebration of Black History Month has been election reform. My colleagues, including the gentlewoman from California (Ms. LEE), talked about the history of voting rights in this country and how African Americans first got those rights and what the struggle has been. Now, as we look to the future, we must improve.

The issue of electronic voting, using technologies for the future, having a

uniform standard, even if it is not a uniform manner of casting ballots and counting them, is essential. We must be very proactive in making sure that the people in all of our communities, including the African American community, know that when they vote, they will be counted, that indeed they do count.

We must be aware of the fact that some of the technology may increase the disparity that we have, so I caution us as we go forward to involve ourselves in those technologies which increase participation and which are more uniform in their standard rather than again advantaging those who have more resources with technology at home.

So while we have big challenges ahead, again we are blessed with the resources, the human resources of the Congressional Black Caucus in this Congress. And I want to point with pride to a newly elected member of our Board of Supervisors in San Francisco, Sophie Maxwell. She comes from a proud tradition. Her mother, Enola Maxwell, is very active in education and other social and economic justice issues in our community. Sophie is a member of the Democratic State Central Committee. She has been a leader on issues in our community. She has made us, and will make us, all very proud.

But back to the Congressional Black Caucus, I want to thank them for what they are doing. It is important to the black community and important to the Black Caucus, and it is important to our great country.

With that, Mr. Speaker, though I have so much more to say but only a little time, I wish to yield to a great leader, someone we are very, very proud of in California, she is a national leader on this and so many other subjects important to strengthening our country and making the future brighter for all of America's children, the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Speaker, I want to thank my colleague, the gentlewoman from California (Ms. PELOSI), for her generosity in sharing her very limited time with me so that I will have an opportunity to continue my remarks on this very important issue of elections and election reform.

I am very proud to announce that the minority leader, the gentleman from Missouri (Mr. GEPHARDT), today appointed me to serve as the chairperson for a Democratic Caucus special election reform committee. I am honored to accept that appointment and to work with the vice chairs of that committee to travel across this country holding town halls, workshops, and meetings where we will listen to the people. We will hear from the people the problems that they are experiencing in their States and in their ju-

risdictions as it relates to the elections process.

We were focused on the problems of the election system in Florida in this recent election, and we were amazed at the disenfranchisement that took place there in so many different ways. But we have come to understand that it is not simply Florida, but everywhere we look in this country we can point to problems. Those problems include dysfunctional voting machines, long lines where people are waiting to vote that cannot get in before the polls close. We saw the butterfly ballot, and we learned that that was kind of the decision of one person. We saw in Florida, for example, that one person in the elections office could determine that absentee ballots or requests or applications could be taken out from the office to be taken home to be worked on. We saw all kinds of things.

So we are going to go around the country, and we are going to hear more. We are going to hear about consolidations that eliminate the ability for people to participate. Again, we have a lot of work to do. We will be doing that, and we hope that everyone who would like to be involved can be involved in this.

SOCIAL SECURITY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Michigan (Mr. SMITH) is recognized for 60 minutes.

Mr. SMITH of Michigan. Mr. Speaker, I am a farmer from Michigan, and I know that you are as well in your State of Florida.

Agriculture today and the plight of farmers is one of the serious issues before Congress. Another serious issue that is sort of the overriding consideration of where we go in the next several months is how high should taxes be in this country and how should government spend that tax money that comes down here to Washington as we decide on the priorities for spending.

This first chart is a pie chart that shows the different pieces of pie, or the percentage of spending this year that goes into several categories. Social Security takes 20 percent of all Federal spending. Social Security is the largest expenditure that we have in the Federal Government. Of course, the people at risk are the young people today that are going to be threatened with huge increases in taxes or reduced benefits in Social Security benefits.

Out of the approximately \$2 trillion that we will be spending this year, 2001, 20 percent goes to Social Security. The next highest is 12 appropriation bills. Twelve of the appropriation bills all together, what we spend a half a year arguing on, spending for so-called discretionary spending, discretionary meaning what Congress has some discretion

over, is 19 percent of the budget. The other 13th appropriation bill is defense, and that takes 17 percent.

But here is Social Security now taking much more than even defense spending, with Medicare at 11 percent. Medicare is even growing because we are talking now of how do we add some prescription drug coverage to Medicare. So we are looking at the challenge of the Federal Government's expenditure and the Federal Government getting bigger. That means more imposition on individual rights. It is giving more empowerment to Congress and the White House, and it is taking away authority and authorization and power from individuals.

□ 1645

So the first question it seems to me should be, how high should taxes be?

Mr. Speaker, I would ask our listening audience to give us a guess in their own mind of how many cents out of every dollar they earn goes for taxes at the local, State, and national level, what percentage of what you earn goes in taxes.

Well, if you are an average American taxpayer, a little over 41 percent goes in taxes, 41 cents out of every dollar you earn. When the seniors graduate next year or when they finish college or high school and go into the job market, on average they are going to be shelling out 41 cents of every dollar they earn in taxes, taking the first 4 months out of every year proportionately to pay taxes.

And, of course, everybody is now considering their Federal tax bill. They are looking at the taxes. If they have some investment in some mutual funds, they are getting notices on their 1099s that they have a capital gains tax to pay, even though the value of that mutual fund might have gone down in this past year.

So the question then becomes, how do we have tax fairness? It would be my suggestion that we make every possible effort to reduce taxes from that 41 percent down to at least 35 percent. That is what made this country great is the fact that you are going to get some reward for your efforts to save and invest to try to maybe get a second job or a second part-time job so you can take care of your family.

Well, we now have a tax system that says, look, not only are we going to tax you at the same rate if you get a second job, we are going to tax you at a higher rate if you start earning more money. I think there is a lot to do on tax fairness. I think there is a lot to do on tax simplification.

But I want to spend a little time talking about where we go on finances, and part of that question is how large should the Government debt be in this country.

Right now the debt today is \$5.69 trillion, almost \$5.7 trillion of debt. I am a

farmer, as I mentioned, and our tradition on the farm has been to try to pay off some of that mortgage to leave your kids with a little better chance. But what we are doing in this country right now, in this body, and the Senate and the White House is borrowing all of this money and we are going to leave it up to our kids and our grandkids to pay back.

Without reform, Social Security leaves our kids a legacy of debt larger than we have today. Right now, of the \$5.7 trillion, \$3.4 trillion is so-called Treasury debt, Treasury bonds, Treasury paper. It is so-called the debt to the public, the public borrowing. The rest of the debt is debt that we borrow from the trust fund. Roughly \$1.1 trillion comes from the Social Security trust fund that the Government has borrowed that extra money coming in from Social Security taxes and spent it on other programs.

Yesterday we passed a bill to make sure that we do not do that this year. And then there is \$1.2 trillion that is from all of the other 119 trust funds. And so, most of what we are doing with the extra money coming in from the trust funds, we are writing out an IOU and we are using those dollars to pay down the public debt.

But when the baby-boomers start retiring around 2008, then we are looking at a situation where there is not going to be enough money coming in from Social Security taxes to pay benefits. So what do we do?

Well, what Washington has done in the past is increase taxes. I think it is important that we deal with Social Security now so that we do not rely on tax increases in the future.

And that is why we have this curve. As we pay down the debt held by the public, eventually we are going to have to start borrowing again to pay Social Security benefits and Medicare benefits, and that is going to leave our kids with that huge debt load.

The temporary debt reduction plan does little more than borrow the Social Security surplus to repay the debt held by the public; and when the baby-boomers retire, Social Security surpluses disappear and Federal debt again soars.

Again on the debt, for the whole load of hay, we see now that this is roughly the division of that \$5.7 trillion of debt. But over time, if we keep borrowing money from the Social Security trust fund and Medicare trust fund and other trust funds and use that money to pay down the debt held by the public, then the debt held by the public continues to diminish, but the Social Security trust fund debt and the Medicare trust fund debt are still there. There is not enough money there to pay the benefits that are going to be required after the baby-boomers retire.

That is demonstrated in this chart. In the top left, we see a momentary

surplus in Social Security taxes coming in. Right now your Social Security taxes are 12.4 percent of essentially everything you make. But when the baby-boomers retire and go out of the pay-in mode to recipients of Social Security, then the problem really hits us from twofold, a tremendous increase in the number of retirees that are going to be taking Social Security benefits and a reduced number of workers that are paying in their taxes to cover the cost of that program and starting.

Starting around 2012, there is going to be an insufficient amount of Social Security taxes coming in, so we are going to have to come up with money from someplace else.

What we have done on several occasions that I think should make every American very concerned is that we have either increased taxes and/or reduced benefits. We did that in 1977. We did it again in 1983 when we revised the Social Security system.

This red, by the way, represents \$9 trillion of unfunded liability. That is why I think it is so important and I have urged this administration and, of course, I encouraged for the last 8 years the previous administration to move ahead with some changes in Social Security that will keep Social Security solvent.

I mean, if we take a trillion dollars out of this total \$5.6 trillion that we are now guessing is going to be there over the next 10 years and we use that trillion to start some real returns on some of that money, we can save Social Security and keep it solvent for the next 75 years.

If we put it off, that means that we are going to have to be even more drastic in the future to make these changes. In other words, the longer we put off the solution to Social Security, the more drastic those changes are going to have to be.

I mentioned \$9 trillion in today's dollars. The unfunded liability means that we would have to put \$9 trillion into a savings account today to earn enough money in interest to pay benefits to add to what is going to come in in Social Security taxes to keep Social Security solvent for the next 75 years.

When Franklin D. Roosevelt created the Social Security program over 6 decades ago, he wanted it to feature a private sector component to build retirement incomes. Social Security was supposed to be one leg of a three-legged stool.

I have some of those old brochures that I have looked up in the archives where it says, look, Social Security is one-third of what should be everybody's effort to have a secure retirement, one-third from Social Security, one-third from your individual savings and investment, and one-third from some kind of a pension plan that he encouraged everybody to partake in. But right now we have almost 22 percent of our Social Security recipients

that depend on Social Security for 90 percent or more of their total retirement income.

So if there is one message in all of this talk about Social Security, if there is one message we can drive home: it is the importance of saving now for your retirement.

Let me tell you another reason. I chaired the Social Security Task Force here in Congress for the last couple of years in the Committee on the Budget, and the Social Security Task Force brought in futurist experts on health and on medicine, and their guess was that within 20 years, anybody that wanted to live to be 100 years old would have that option, and their estimate was that within 40 years anybody that wanted to live to be 120 years old would have that option.

I mean, what does that mean in all of our individual lives? What does that mean for our kids? What does that mean in terms of the importance of making the changes now to keep Social Security solvent in the future?

The personal retirement accounts that a lot of people have talked about and some people have said to me, well, now is not the time to talk about individually owned accounts because look what the stock market has done over the last 12 years.

The fact is that an average person retiring from Social Security 5 years from now is going to get a 1.1 percent return on the money that was paid in that they paid in and their employer paid in. Right now the average is 1.7 percent. But as taxes go up, the percentage and the likelihood that you are going to get that money back is going to diminish.

And so, the question is, can we do better than getting a 1.1 percent or even a 1.7 percent return on some of that money?

The other danger is, so, if we can put it into individual accounts where workers of America own that account and own that money so that when the problems in Washington make Members of Congress and the Senate and the President feel that other spending is more important, that we do not again cut Social Security benefits.

So there is some security in having this in individual accounts. And we can put it in safe investments. We brought in experts into our Social Security Task Force that said, look, we can guarantee a 4.2 percent return and guarantee that you will have at least a 4.2 percent return on the way we are going, we can invest your money.

Some other insurance companies have higher rates. Some others have lower rates. But the fact is that a CD at your bank, other investments that are secure, can do a lot better than that 1.1 to 1.7 percent return.

The fact is that the Supreme Court, on two decisions now, has said that there is no entitlement to Social Secu-

urity. On two decisions the Supreme Court says Social Security taxes are simply another tax. Social Security benefits are simply another law that Congress has passed, and the President has signed to have a certain benefit structure and, therefore, there is no entitlement or no necessary connection between the two.

I think that should make us nervous, also.

Social Security is a system stretched to its limits. Seventy-eight million baby-boomers will begin to retire in 2008. Of course, the baby-boomers after World War II, the soldiers came home and there was a tremendous increase in birth rate and at that time, of course, we had that huge increase in population. We had problems in building our schools and building up our education system and the kind of services necessary to deal with that expanding population, and Social Security worked very well as an expanded workforce, paid in those taxes, and those taxes immediately go out to pay the benefits of existing retirees.

□ 1700

Social Security spending exceeds tax revenues starting technically in 2015, and that is when the problems really hit us. If there was a Social Security trust fund, then the Social Security trust fund would keep Social Security solvent until 2034 or 2035.

But let me spend just a couple of minutes on what the Social Security trust fund is. You pay in currently 12.4 percent of the first roughly \$80,000 you earn in Social Security taxes. For the last almost 6 years now, there has been quite a huge surplus on the taxes coming in as opposed to what was needed to pay benefits.

Again it is a pay-as-you-go program. Taxes come in and by the end of the week, they are sent out in benefits almost. We are dealing with a situation where the government then writes an IOU, but you cannot cash in that IOU. It is nonnegotiable. They write the IOU, and say we are borrowing this money; and for the last 42 years, government has been spending any surplus that came in from Social Security on other government spending.

Starting last year, for the first time, and I introduced a bill in the spring of 1999 that said we would have a rescission or we would cut all spending if we started digging into the Social Security surplus, that ended up with the lockbox bill of the gentleman from California (Mr. HERGER).

We passed that again just yesterday, a lockbox bill that says we are not going to use the Social Security surplus for any spending. But now there are a bunch of IOUs in a steel file box down there that technically says the government has borrowed this money.

The question then becomes, when Social Security needs the money, how is

it going to pay it back? It is going to do one of three things. To come up with that money to pay it back for benefits, it is either going to reduce the cost of Social Security, in other words, lower benefits so there is not so much to pay back or they are going to reduce other spending or they simply borrow more money.

You remember that earlier chart, how we are going to leave our kids this huge debt. That is because to pay Social Security benefits, we are going to have to borrow those huge amounts of dollars. By huge, I mean over the next 75 years, borrowing or somehow coming up with \$120 trillion. Remember, our total budget this year is \$2 trillion. Over the next 75 years, coming up with \$120 trillion in excess of what is coming in in Social Security taxes to pay the benefits that are currently promised.

You can see now it is a huge problem. Nobody knows quite how to solve this problem. So we keep putting it off. The danger of this legislative body, of course, is until a crisis is almost on us, we do not react in solving some of the tough problems. That is why it is so important, Mr. Speaker, that the American people understand how dramatic, how challenging the problem is of keeping Social Security solvent.

Insolvency is certain. We know how many people there are and when they are going to retire. It is not some kind of economic projection. The actuaries over in the Social Security Administration know absolutely how many people there are. Their estimate of how long people are going to live is very, very accurate; and we know how much they are going to pay in and how much they are going to take out in Social Security. Payroll taxes will not cover benefits starting in 2015, and the shortfalls will add up to \$120 trillion between 2015 and 2075.

This other chart shows the paying-in problem. This is the demographics, the changing makeup of our population. Back in 1940, there were approximately 30 people working paying in their Social Security tax for every retiree. Today, there are just three people working paying in their Social Security tax for every one retiree. And over on your right, you see by 2025, the estimate is that at that time there are only going to be two people working for each retiree. Two people working for each retiree. A huge challenge, a huge potential to increase those taxes on those two workers. As you increase taxes, of course, you discourage economic development.

There is no Social Security with your name on it. As I give speeches around the country, a lot of people think that there is somehow an account that is in their name that entitles them to Social Security benefits. This is a quote from the Office of Management and Budget of the United States Government. They say: "These trust fund balances are

available to finance future benefit payments and other trust fund expenditures, but only in a bookkeeping sense. They are the claims on the Treasury that, when redeemed, will have to be financed by raising taxes, borrowing from the public or reducing benefits or other expenditures.”

I thought I would throw that quote in, Mr. Speaker, to reaffirm the point that I was just trying to make earlier, that having the Social Security trust fund and pretending that somehow that is the solution out there is fooling ourselves. It is fooling the American people.

The public debt versus Social Security shortfall. Some have suggested that if we paid back the debt held by the public, now \$3.4 trillion, somehow that savings on interest is going to accommodate the \$46.6 trillion shortfall between now and 2057, over the next 56 years. This chart is simply to represent that that \$3.4 trillion debt and roughly the 5 percent interest on that debt is not going to accommodate the huge shortfall in Social Security.

Some people have suggested, look, if we can keep the economy going strong, that will help solve our Social Security problems. It helps solve the Social Security problems in the short run, but because there is a direct relationship in the Social Security benefits you receive to the wages that you pay in, in the long term it does not help the problem, because the more you earn and the more you pay in, eventually the higher the benefits you are going to be entitled to. And spelling this out, Social Security benefits are indexed to wage growth. When the economy grows, workers pay more in taxes but also will earn more in benefits when they retire. Growth makes the numbers look better now but leaves a larger hole to fill later. Any administration has got to realize that saying that we are going to pay down the public debt to save Social Security is not going to do the job.

Helping me is a page by the name of Martha Stebbins. Martha is from New Hampshire. I was up in New Hampshire, Martha, and bought some maple syrup last summer. It is very good, but we make maple syrup in Michigan, too, that is pretty good. In fact, we make some maple syrup on my farm.

Back to business. The biggest risk is doing nothing at all. Social Security has a total unfunded liability of over \$9 trillion. 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. Neither one should be an option of this Congress or the Senate or the President.

How about investing the money? How big a risk is it? The diminishing returns of your Social Security invest-

ment. Right now, this chart represents what you might get back in terms of Social Security benefits based on what you and your employer paid in, or if you are self-employed, what you paid in.

The real return of Social Security is less than 2 percent for most workers and shows a negative return for some compared to over 7 percent for the market on the average over the last 100 years. If you look at just the last 10 years, then we are looking at returns that exceed 14 percent. It is a negative return, by the way, for minorities.

So if a young black male today because they have a shorter life span, they spend their life paying into Social Security, but then die and might get a \$200 death benefit, but they essentially lose all their money. If some of this money was in their own account, then it would go to their heirs and it would not be simply kept by the Federal Government saying, well, this helps balance out everything else. On average, as I mentioned, it is 1.7 percent with a market return of over 7 percent.

This is a chart, I thought to demonstrate this point, the fact that it is not a good investment, it is not a good idea, and again let me make sure that everybody understands, Mr. Speaker, that in all of the proposals to solve Social Security, none of those proposals touch the disability and survivor benefits. So that portion of the Social Security that goes for disability, if you get hurt on the job, then you get some benefits the rest of your life, or if you die and your spouse or your kids need help, none of the proposals nor the three bills that I have introduced over the last 8 years, none of the proposals dig into that survivor disability portion of the package.

But to get back all of the money that you and your employer have paid in is going to take anybody that retires in the next several years, it is going to take 23 to 26 years that you are going to have to live after retirement to break even, to get back the money you and your employer put in. Because taxes have gone up so dramatically, that is why this graph has gone up and you are going to have to spend more time and live longer after you retire to break even. Of course, if you happened to retire in 1940, it took 2 months to get back everything you put in. In 1960, 2 years. Today it takes 23 years. You have got to live 23 years after you retire to break even and get the money back that you and your employer paid in in Social Security taxes.

This chart represents how we have increased taxes over the years. So people that say, well, you know, politicians that have to run for reelection would not dare to increase taxes again because already 75 percent of working Americans pay more in the Social Security tax than they do in the income tax. Seventy-five percent to 78 percent

of Americans today pay more in Social Security tax, 78 percent if it is the total FICA tax, than they do in income tax.

And it is a very regressive way to tax. Yet this country has substantially increased that tax. In 1940, we had a 2 percent rate. That meant the employer paid 1 percent and the worker paid 1 percent on the first \$3,000. The maximum for the year for both employee and employer were at \$60 a year.

By 1960, we raised the rate to 6 percent, raised the base to \$4,800; and the maximum was \$288 a year. In 1980, we raised the rate to 10.16 percent on a base that was increased to \$25,900. So the maximum went up to \$2,630 a year.

Today we have a 12.4 percent tax, 6.2 for the employee and 6.2 for the employer on, since it is indexed is now up to \$79,000, on the first \$79,000, so the maximum total is about \$10,000 a year.

This is our history of every time government has got into trouble where they needed more money than was provided by the revenues and the benefits that have been expanded, of course, over the years, then we ended up increasing taxes. And twice, in 1977 and in 1984, we also reduced benefits.

This is what I was mentioning in the FICA tax. So the FICA tax, 12.4 is Social Security; and the rest of the 15-odd is Medicare. So a total of a little over 15 percent goes in your payroll tax.

Right now 78 percent of American working families pay more in the payroll deduction in the FICA tax than they do in income tax. What I am trying to do with that chart is shout that it would be very unfair to again raise those taxes. But if we do not deal with Social Security now and we say, look, we are just going to use the Social Security surplus to pay down the debt held by the public, that \$3.4 trillion to accommodate the \$50 or \$60 trillion shortfall in Social Security and pretend that somehow that is going to fix Social Security, I think it is not fair to ourselves to say that and I think it is not fair to the American people to think that that is going to be a possibility.

These are the six principles of my Social Security bill that I have been introducing. I was chairman of the Senate finance committee in the State of Michigan before I came here, and there were a couple of considerations and concerns I had before I came to Congress, and that was the low savings rate in the United States. We have a lower savings rate than any of the other G-7 countries.

Our savings rate is about 5 percent of what we earn. In Japan, for example, it is about 19 percent. In Korea, it has been as high as 35 percent of what they earn. We used to in this country save about 15 percent. Back in the 1940s and 1950s we were saving almost 15 percent of what we earned.

□ 1715

But now our savings rate has tremendously gone down. Part of it maybe is the advertisements of "Fly now, pay later." "Come in and get a new car and get \$200 immediate cash to buy Christmas presents," or something.

So we have encouraged debt. So there is a danger not only of the Federal Government mounting this kind of debt, but there is a problem with individual Americans relying more and more on those credit cards or other credit systems to borrow and borrow more money. That does a couple things. Number one, it disrupts economic expansion, because savings and investment mean that that investment is what companies use to do the research, to buy the kind of state-of-art equipment and machinery that can accommodate international competition.

It was important to me when I came to Congress that I try to do the kind of things to encourage savings, and one of those things was allowing some of this large Social Security tax to be invested and to be in the name of individuals. So that is when I started writing the bills.

So, number one, my Social Security proposals protect current and future beneficiaries, allow freedom of choice. In other words, if you do not want to go with any kind of a private investment plan that will be limited to safe investments by law and you want to stay in the current system, you can. It preserves the safety net, because we are not going to allow anybody to go without food or shelter in this country. It makes Americans better off, not worse off; and it creates a fully-funded system, and no tax increase.

Personal retirement accounts offer more retirement security.

If I have to take a drink of water, that probably means that I have talked almost long enough, and maybe the listening audience has listened long enough, so I am going to finish the last few slides.

Personal retirement accounts offer more retirement security. If John Doe makes an average of \$36,000 a year, he can expect monthly payments in Social Security of \$1,280, or from a personal retirement account he can expect \$6,514.

When we passed the Social Security law back in 1934, we said that States and local governments could opt out of Social Security and develop their own pension retirement plan. Galveston, Texas, did just that. They decided not to go into Social Security, but to have their own retirement plan. Right now this chart compares what those individuals in Galveston County have as death and disability and retirement benefits as opposed to what they would have in Social Security.

On the death benefits, Social Security, \$253; the Galveston plan, \$75,000 in death benefits. Social Security, \$1,280;

the Galveston plan, with their own investments, \$2,749. Monthly retirement payments, \$1,280, compared to Galveston retirees getting \$4,790.

San Diego did the same option. San Diego enjoys personal retirement accounts, PRAs, as well. 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 in Social Security, but only receive \$1,077.

The difference between San Diego's system of PRAs and Social Security is more than the difference in a check. It is also the difference in ownership, in knowing that politicians are not going to take that away from you.

Even those who oppose PRAs agree they offer more retirement security. This is a letter from Senators BARBARA BOXER and DIANNE FEINSTEIN and TED KENNEDY to President Clinton. In their letter they said, "Millions of our constituents will receive higher retirement benefits from their current public pensions than they would under Social Security."

So the question is, how can we make this more available to everybody, to, in effect, guarantee they are going to be better off and they are going to have an ownership of some of that retirement account?

I represented the United States in describing our pension retirement system in an international forum in London a couple of years ago, and it is interesting the number of countries that are ahead of us in terms of allowing their workers to own personal retirement accounts.

In the 18 years since Chile offered the 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, all offer worker-PRAs. The British workers chose PRAs with 10 percent returns, and two out of three British workers enrolled in the second-tier social security system. They are allowed to have half of their social security taxes go into these personal retirement accounts, and they have been getting 10 percent-a-year return. Again, that compares to our Social Security return, currently at 1.7 percent.

This is what has happened in equity investments over the last 100 years. It is a graph of the ups and downs of the returns on equities. Some bad years, in the early 1920s, during the Depression, 1929, a little depression. But, on average, if you leave your money in for over 12 years, in any time period, then you did not lose any money on equity investments. The average return over this time period was 6.7 percent.

Again, we are looking at a system, such as all Federal employees know about the Thrift Savings Plan, so it is limited to safe investments. It is lim-

ited to your choice of how much you want to put in equities versus government Treasury bills versus bonds for corporations, fixed income bonds or variable interest rate income bonds. So you balance that in terms of minimizing risk, and in all cases the experts suggest that it is going to be very, very easy to do much, much better than the 1.1 to 1.7 percent return you are going to get on Social Security.

Based on a family income of \$58,475, the return on a personal retirement account is even better. We divided this into three different areas, if you invest 2 percent of your wages or 6 percent of your wages or 10 percent of your wages. If the average working life span is, what, if you go to work at 20, 25, and you retire at 65, 70, so on average I suspect we are working 40 years, paying in our Social Security taxes, so let me jump way over to the 40 years.

If you were to work 40 years and invest 2 percent of your money, then you would end up with just a little over a quarter of a million dollars. If you invested 10 percent of your money, you would have \$1.4 million over the 40 year-period.

What we are looking at, if you just invested this money at 2 percent for the first 20 years, you would still have \$55,000 after 20 years; or if you invested at 10 percent, you would have \$274,000 over 10 years.

Again, the fact is that long-term investments, even with the fluctuations for that 12-year or 15-year period, we have never had a 12- or 15-year period in the history of the stock market, of equities, where there has been a loss. Again, the average return on such an investment has been 6.7 percent.

Okay, let me finish up just briefly with the Social Security bill that I have introduced. I am rewriting that bill now to make a couple changes that I think are important.

The question is, some people argue, well, you cannot let individuals invest the money themselves. So what I have done in this legislation is I have limited the investment to safe investments, index stocks, index bonds, an index of mutual funds, or an index of some of the foreign stock investments funds. That is what we are doing in the Thrift Savings Plan also.

My legislation allows workers to invest a portion of their Social Security taxes in their own personal retirement savings accounts that start at 2.5 percent of wages and gradually increase. So 2.5 percent out of the 12.4 percent that is going in Social Security taxes you would be allowed to have in your own account and invest it in your selection of maybe four, maybe five, limited so-called safe investments, and then I would leave it up to the Secretary of Treasury to add to that any other investment potential that he thought was safe and reasonable to add to this selection.

My proposal does not increase taxes. It repeals the Social Security earnings test for everybody over 62 years old; it gives workers the choice to retire as early as 59.5 years old, and as late as 70. In my proposal, I made a suggestion that you could increase your benefits 8 percent a year for every year after 65 that you delayed taking those benefits.

Mr. Speaker, it gives workers the choice to retire at 59½. It gives each spouse equal share of the PRSAs. If you are a stay-at-home mom, you get half of what your husband makes; or if you are a stay-at-home dad, half of what your wife makes would go in your individual PRSA account. So it is always divided equally between the two spouses. If one spouse makes more than the other spouse, they are added together and divided by two to represent how much would go into each account.

It also increases widow and widower benefits up to 110 percent. That is partially to encourage retirees that might be a surviving widow or widower to live in the same home. You cannot do it now. One cannot live on half as much money as two. So this adds to the surviving spouse's benefit.

It reinforces the safety net for low-income and disabled workers. It passes the Social Security Administration's 75-year solvency test. In other words, the actuaries over at Social Security have scored this and said this will keep Social Security solvent for at least 75 years. Actually, it would keep Social Security solvent forever, the way it is written.

The bill takes a portion of on-budget surpluses over the next 10 years. That is what I would like to stress. This bill borrows \$800 billion of surpluses other than the Social Security surpluses to make the transition. Since we are taking all the money essentially now that is coming in and paying out \$400 billion a year in Social Security benefits, how do you come up with enough money to stop paying out? You are not going to stop paying out those benefits, so how do you make the transition?

So the transition is made from borrowing some money from the general fund. Now that we have this surplus coming in, now is the time to take that step. So if we can take \$1 trillion now from the other surpluses to fix Social Security, then we are going to have Social Security solvent; and it is not going to haunt our kids and grandkids later.

It uses capital market investments to create Social Security's rate of return above the 1.7 percent workers are now receiving. Over time, PRSAs grow, and Social Security fixed benefits are reduced. It indexes future benefit increases to the cost-of-living increases instead of wage growth.

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In other words, part of the problem now with Social Security is that bene-

fits go up faster than the economy. Benefits increase based on wage inflation, which is higher than the CPI inflation. So one of the things my bill does is it changes the index of how much wages are increased to inflation. So it covers the increased cost of everything we buy, but it does not go up faster than everything we buy, as is currently structured under the current Social Security law.

Let me finish, Mr. Speaker, by simply saying that I think we are in luck with this new President we have. He suggested that we leave some of the money that taxpayers are paying in, now at an all-time high. We are paying more taxes now, at the 41 cents out of every dollar, than we have ever paid in the history of America in peacetime. There was one year during World War II that it was higher than what it is today.

So the fact is that another way to say that we have a surplus is saying that we are overtaxing somebody, someplace, somehow. So let us make taxes more fair, but at the same time, this President has said it is important to continue to pay down the debt so our kids and our grandkids are not left with that huge mortgage on the way we have operated government.

Thirdly, he said that we have to fix Social Security. So I am encouraged. I think the challenge before this body is not sweeping this problem of Social Security and Medicare solvency under the rug, to leave it for future Congresses or as future problems for taxpayers that will be our kids and our grandkids.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate has passed without amendment concurrent resolutions of the House of the following titles:

H. Con. Res. 28. Concurrent resolution providing for a joint session of Congress to receive a message from the President.

H. Con. Res. 32. Concurrent resolution providing for a conditional adjournment of the House of Representatives and a conditional recess or adjournment of the Senate.

The message also announced that pursuant to Public Law 94-304, as amended by Public Law 99-7, the Chair, on behalf of the Vice President, appoints the following Senators as members of the Commission on Security and Cooperation in Europe (Helsinki) during the One Hundred Seventh Congress—

the Senator from Texas (Mrs. HUTCHISON);

the Senator from Kansas (Mr. BROWNBACK);

the Senator from Oregon (Mr. SMITH); and

the Senator from Ohio (Mr. VOINVOICH).

The message also announced that pursuant to Public Law 106-550, the

Chair, on behalf of the Majority Leader, announces the appointment of the following individuals to serve as members of the James Madison Commemoration Commission Advisory Committee—

Steven G. Calabresi, of Illinois; and
Forrest McDonald, of Alabama.

The message also announced that pursuant to Public Law 106-398 and in consultation with the chairmen of the Senate Committee on Armed Services and the Senate Committee on Finance, the Chair, on behalf of the President pro tempore appoints the following individuals as members of the United States-China Security Review Commission:

Michael A. Ledeen, of Maryland.
Roger W. Robinson, Jr., of Maryland.
Arthur Waldron, of Pennsylvania.

PUBLICATION OF THE RULES OF THE COMMITTEE ON SCIENCE—107TH CONGRESS

The SPEAKER pro tempore (Mr. PUTNAM). Under a previous order of the House, the gentleman from New York (Mr. BOEHLERT) is recognized for 5 minutes.

Mr. BOEHLERT. Mr. Speaker, enclosed, please find a copy of the Rules of the Committee on Science of the U.S. House of Representatives. The Committee on Science adopted these rules by voice vote on February 14, 2001. We are submitting these rules to the CONGRESSIONAL RECORD for publication in compliance with rule XI, clause 2(a)(2).

COMMITTEE ON SCIENCE RULES FOR THE 107TH CONGRESS

RULE 1. GENERAL PROVISIONS

General Statement

(a) The Rules of the House of Representatives, as applicable, shall govern the Committee and its Subcommittees, except that a motion to recess from day to day and a motion to dispense with the first reading (in full) of a bill or resolution, if printed copies are available, are nondatable privileged motions in the Committee and its Subcommittees and shall be decided without debate. The rules of the Committee, as applicable, shall be the rules of its Subcommittees. The rules of germaneness shall be enforced by the Chairman [XI 1(a)]

Membership

(b) A majority of majority Members of the Committee shall determine an appropriate ratio of majority to minority Members of each Subcommittee and shall authorize the Chairman to negotiate that ratio with the minority party; Provided, however, that party representation on each Subcommittee (including any ex-officio Members) shall be no less favorable to the majority party than the ratio for the Full Committee. Provided, further, that recommendations of conferees to the Speaker shall provide a ratio of majority party Members to minority party Members which shall be no less favorable to the majority party than the ratio for the Full Committee.

Power to Sit and Act; Subpoena Power

(c)(1) Notwithstanding subparagraph (2), a subpoena may be authorized and issued by the Committee in the conduct of any investigation or series of investigations or activities to require the attendance and testimony