If we do nothing to balance our budget today, we put every Federal program at risk for tomorrow. In just a matter of years, if we do not balance our budget, every dollar paid by every American in taxes will be used just to pay for entitlement programs and interest on the national debt.

That means no money for education, the environment, roads, bridges, the national defense, and countless other programs.

Already, the debt that we have run up will cost every baby born today over $187,000 over the course of her lifetime just to pay for interest. And that number is only getting higher the longer we wait to balance the budget. This year, the interest we pay on the debt is more than we will spend on the Army, the Navy, the Air Force, the Marines, the FBI, the CIA, and the Pentagon combined.

It is not fair to leave our children this crushing burden of debt. I do not want to leave my children Rick, Phil, and Christie, and my grandchildren Chloe and Heather, with this debt on their shoulders. They don't deserve it. They at least deserve the same opportunities many of us have had when its their turn.

We have got to turn this situation around. We have got to stop spending more than we take in and start living within our means. It is only fair for our children and grandchildren.

If we balance our budget today, we will begin reversing the trend of piling up debt that our children will have to pay and begin to create a brighter future for them.

Mr. Speaker, the American people should know that they are being denied these benefits because the President of the United States refuses to negotiate in good faith toward a balanced budget, and created and bought TV ads nationwide the day before he came to the table to allegedly negotiate.

And last, it is an insult to the intelligence of the American people for the President or the Minority Whip to blame 73 freshmen Members of Congress for the budget impasse.

Just this Monday, this House voted for a 7 year, CBO-scored balanced budget. That's not just the freshmen position. That's the position that 351 Members voted for, Republicans and Democrats.

The only way the freshmen are extreme, is that we are extremely in touch with the American people, who want us to keep our word and balance the budget.

HAS UNCLE SAM PROMISED AWAY THE AMERICAN DREAM

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from California [Mr. HORN] is recognized for 60 minutes as the designee of the majority leader.

Mr. HORN. Mr. Speaker, the question is, has Uncle Sam promised away the American dream? The message today is that by any business standard the United States of America is probably bankrupt. We probably have promised away the American dream.

The first step in ending America's possible bankruptcy is to balance the budget. Why is not America's bankruptcy frontpage news? It is not frontpage news because America's bankruptcy can be explained only by pouring through a massive amount of numbers.

I asked a professional staff member on my subcommittee, the Subcommittee on Government Management, Information and Technology, Dr. Harrison Fox to dig into those numbers and let us see how close we are to bankruptcy, if we are not already in it and simply do not realize it.

Usually, when you talk numbers, most people either say, ''I do not want to be bothered with those numbers.'' Perhaps they are afraid of what story the numbers will tell.

So how do we get the message out that America is going bankrupt? As part of this hour, I will put America's bankruptcy in people terms. How much is your share of the debt? What will your children's tax rate be if we keep funding Federal programs at current levels? What are the top 11 Federal promises? By using the David Letterman-style list, tying the numbers to your family and your children, your grandchildren, your grand nieces, your cousins, and all of us as Americans. By doing that, I think we can begin to appreciate the terrible financial shape in which the Federal Government finds itself. We must begin a discussion of how we are going to work our way our of the bankruptcy mess.

I am going to show a series of tables. Table 1 will have a number of components as we look at various aspects of this problem. The year 2045 might seem to be a long way away. But it is not. Some high school and college graduates will be celebrating their 50th wedding anniversary. If current Federal spending we left on automatic pilot, by the year 2045 then, federal tax rates will have to be raised to an average of over 80 percent of annual income. That would be the average for the people making $35,000 a year or $3.5 million a year.

Currently, the highest income tax rate is 36 percent. We will have a very confiscatory tax rate in the year 2045 unless we do something to redirect this Government over the next few years, the next few decades. The result of such a tax rate to pay the obligations of the Federal Government would mean that families would end up having quite a bit less to spend on life's necessities and life's pleasures.

☐ 1945

Paying this tax rate, the average family, which today makes approximately $36,000 a year, would have only $346 per month available to spend on housing compared to the $648 currently available. With $648 monthly, you can pay the mortgage on a house. Now you can get at least one bedroom—maybe two, a living room, and a kitchen for that amount of money in most places but California, New York, and Washington, DC. Compared to the $648 the average American currently spends for housing or an apartment. By 2045 that would be barely enough. With the $346 equivalent left available for housing that would just be enough for a one-room efficiency.

The weekly spending on food would be reduced from $108 to $54. There will be no more family meals at McDonald's, at Wendy's, at Mimi's, at Nino's, even L'Opera.

Available yearly personal spending for medical care would fall from the almost $5,200 it is now down to perhaps $2,600.

When it comes to clothing in 2045, available funds for clothing would drop from the current $2,075, almost $2,100, to a little over $1,000.

And then let us think of transportation. If you are a Californian, you drive your car to the 7-Eleven a block away. By 2045, the average family would only have $130 a month for the car, or mass transportation. In 2045, most would not be able to get much more than a used car with a minimal engine.

And then there is recreation. Families would be spending much less for vacations, visits to relatives, and even going to the movies. They would have available much less discretionary funds than they have now. Why? Because the average Federal tax rate would exceed 80 percent in order to pay the bills of this Government. The yearly amount available in 2045 would decrease from the average of $2,600 today to about $1,038 in 2045.

Federal taxes paid by the average family will have to be more than doubled from the current $14,527 that is the average family's tax in this country to an average family tax of over $30,000 yearly by 2045. And we have not even mentioned the State and local taxes.

If we look at table 2, which is the share one has of the Federal debt, liabilities and assets between 1955 and 1995, the year we are just ending, you can look back over the last four decades, from 1955 to 1995, Congress and a succession of Presidents of both parties have taken on debt and made promises, which are liabilities financially on the Federal Government—you, me, we, the taxpayers—that far exceed the ability of you, your children and your grandchildren and other citizens and residents to pay.

Since 1955, dramatic increases in the Federal debt and other liabilities have occurred. The rapid escalation in Federal promises has not been matched by asset accumulation. That is, the Federal Government has not been saving or purchasing land or other assets that have long-term value.

In current dollars, the debt has increased more than 12 times over the last 40 years. Federal promises, as worthy as some are, as I suggested earlier, are financial liabilities. They increased more than 1,000 percent, while hard assets, such as land, property, plant and equipment, have increased less than 400 percent.

The average citizen's share of the national debt has increased from $1,652 in 1955 to over $19,000 today.

If the assets of the United States were sold, a citizen's share would have been $1,361 in 1955, and $5,283 this year.

This sounds like a lot of money, until Federal promises are tallied.

If your grandchild—let us say Jonathan Aaron Yavitz or Jefferson Thomas or Michael Gordon or Raul Gomez or Eddie Komomoto—if your grandchild was born this year or next year, they come with a share of these promise—financial liabilities, if you will—bearing with them a bill to pay nearly $193,000 during their lifetime. That is an increase of $175,000 over what their share would have been if they had been born in 1955 when a number of us were just getting out of college.

We are not talking here about the liquidation of all the assets of the Nation to pay the bills. If we were, each one of us would be left with over $185,000 in promises to pay.

By the way, no one is going to sell Yellowstone or Yosemite or Dwight Eisenhower's home in Abilene, KS or Franklin Delano Roosevelt's home in Hyde Park, NY. But there is something terribly wrong with the financial condition of the United States and it is sure to have consequences for each of us, for our children and our grandchildren.

It will take at least 30 years for the United States to work its way out of the overextended promises that have been made by the big government welfare state.

Think of what we are going through now as we simply try to eliminate the annual deficit. On a $1.6 trillion annual budget, we are spending our time arguing between parties, between this institution—Congress—the House and the Senate—and the President of the United States, about how we deal with eliminating that annual deficit, which is generally $250 million, $200 billion, sometimes less, a year, depending upon the interest rates. And we have not even started the discussion as to how we eliminate the annual public debt that goes up and up and up. We are now nudging that authorized ceiling and about to pass the $5 trillion mark. That discussion has not even started.

We are having great difficulty getting the administration to face up to what every American knows: You cannot go on forever spending money. The $100 billion budget of Lyndon Johnson would only pay for half of the interest on the national debt. The interest does not retire that $5 trillion debt. We have to face up to retiring it. And even if we retire the current national debt, we have not faced up to what I am discussing tonight, which is the extended liabilities that go beyond the national debt well into the next century.

As we look at table 3, Federal Spending by Category, of course, we look at the Federal budget outlays—spending, if you will—and the priorities have clearly changed over the last four decades.

The big gainers have been interest payments. As I mentioned, Lyndon Johnson ran the whole domestic government, the war in Vietnam, with over a half a million men and women there into the late 1960's and his budget at that time is what it takes us just to pay half of the annual interest charge on the national debt. That interest payment does not enrich our society. It does not help people and meet our domestic commitments and our national security commitments.

The big gainers besides interest payments are, of course, Social Security—which we have a basic commitment to keep that was brought about by both parties in the 1930's—and Medicare.

As I have said before on this floor, in my role as the legislative assistant to the then Republican whip Senator Thomas H. Kuchel of California, I happened to be a member of the drafting team of Medicare, working with the late Wilbur Cohen, who became Secretary of Health, Education, and Welfare under President Johnson. It was a wise group of Republicans and Democrats which framed that legislation in the Senate on a bipartisan basis and enacted it into law.

Every young person, every parent knows that their grandmother, grandfather needed that help. Look at the escalating costs that have confronted us in this country in hospital care and health care generally. So we need to protect Medicare. That is what we are doing in the current budget battle. You would not know it by some of the scurrilous, stupid comments that we hear on the airwaves, but that is what we are doing.

Then of course we have other mandatory spending since the 1960's:

For Medicaid, called MediCal in California where there is a State match as there is in most States; to assistance to Cuban and Haitian immigrants and refugees. The big losers in funding over the last four decades are primarily domestic and some national security defense programs.

Our Federal Government is now a benefits distribution machine. That is the only category I can think into which fit most of the activities I have mentioned.

By 2002, nearly 75 percent of all spending will be directed toward individuals and, of course, interest payments for the $5 trillion national debt. And if we do not balance the budget by January 1, 1996, and we have a con job that takes us through the November 1996 elections, we will have a $6 trillion budget. And if we keep going as we have been going until this Congress came and this majority came, then that budget will add $1 trillion every 3 or 4 years based on the level of the current annual deficit.

Over the last 40 years, Congress and a succession of Presidents have redefined the Federal mission. In 1955 the Federal mission in spending terms was heavily weighted toward national security, international and domestic programs. Today the predominant Federal mission is to provide citizens with benefits.

In 1955 benefit entitlement spending and interest payments were 12 percent of total Federal expenditures. By 1962—a few years before Lyndon Johnson's Great Society programs began in 1965—etitlements rose to 30 percent. Today they exceed 64 percent of the annual Federal budget.

By 2002, even with the 7-year balanced budget program of our majority in Congress, entitlements and interest are projected to reach 75 percent of the Federal budget.

Since 1955, Federal promises—financial liabilities—have increased from $2.8 trillion to over $50 trillion. When you look at the liabilities as a business would look at liabilities and under laws passed just a few years ago and the standards of the various accountancy boards that regulate that profession, a business must put on its balance sheets the liabilities that it will have to face from either retirement plans for its employees or other obligations and loans that that business has taken to continue its activity.

These estimates that I have made of going from $2.8 trillion to over $50 trillion are not just something we dreamed up one evening. These estimates are based on the Social Security intermediate actuarial scenario projects.

The Social Security Administration has had for decades highly respected actuaries, highly respected outside experts. They have a good record. Medicare also has responsible actuaries. That is why the outside advisers as well as three Clinton Cabinet officers concluded that the system was headed for bankruptcy.

That is why we have provided a Medicare plan that will preserve, protect, and save Medicare and provide options for the first time for the senior citizen. No longer will it be Big Government telling senior citizens what to do. It will be the individual making a choice that is in that individual's self-interest.

So the Social Security Administration has made these projections. Some are high. Some are low. This projection is intermediate. Perhaps it is splitting the difference. These costly promises resulted mainly from rapidly growing new entitlement programs.

Entitlements, very frankly, become political currency.

□ 2000

What do we mean by political currency? We mean votes. Frankly, that is why three decades ago a lot of us were early drumbeaters for Medicare. Every time an election was around the corner, Congress added benefits to the Kerr-Mills Program that was an ancestor of Medicaid. What we saw was Congress constantly voting benefits but never voting the taxes to bring in the revenue to pay for those expanded benefits.

Medicare is a very conservative program, although Congress has muddied that up a lot in the last 40 years. And that is why I was an enthusiast of Medicare from the beginning and helped on the drafting team. If Congress provided more benefits, then Congress was to raise the Medicare tax to pay for those new benefits. That idea seems to have been lost somewhere in the last decade or so in this Chamber. But that is why it is a conservative approach. You try to measure the outputs and make sure the inputs in the trust fund will cover those particular outputs.

Now, that political currency of modern America, the votes, obviously affects what we do. And only citizens, by being aroused and angered by the continuation of a budget deficit of billions of dollars, a national debt rising to $5 trillion and going to go to 6 trillion before the end of this century, if we do not do something about it. I am talking about eventually seeking to retire the national debt, or at least lower that debt into a more manageable shape than it now is. We must begin to deal with the unfunded liabilities, which few, if any, are talking about.

Today's conflicts over Medicare, Medicaid, and 80 means-tested welfare programs reflect a reassessment of the Federal mission, and a national referendum on the continued use of entitlement benefits as political currency. The current Federal mission providing citizens with benefits is unsustainable at current levels. Major changes must be made in a number of benefit programs, and we are not talking about Social Security. Every to-be political demagogue is sitting out there waiting for somebody to trip over Social Security. So as the Speaker said, do not even consider touching Social Security. The fact that citizens might have secured greater benefits if Social Security had been properly organized, that is a debate for another time. Citizens should have better benefits under Social Security, but to do that, you are going to have to do what a few other countries are doing.

Priorities have to be set. The performance of current programs must be evaluated and that is the role of every authorizing committee here, every appropriations subcommittee, the Committee on Government Reform and Oversight, and our subcommittee and the others in particular that are the oversight subcommittees. Congress must decide which programs are effective and then how some of them must be administered. That is another battle we are having right now.

Do we continue to administer most programs out of Washington? Is all wisdom here? I was not aware of it. Or do we establish block grants to the States? That would let the governors—who also meet the test of the people every two or four years—administer many programs and adapt them to the needs of the people. There are very able civil servants that exist at the State, county, and city level. They are just as capable as the very able civil servants in Washington, D.C. They can run these programs and they can run them closer to the people and they can adjust them to the particular needs of their State.

When we look at table 4, the Federal spending from 1955 compared to 1995, and recall that the fiscal year 1955 budget was President Dwight D. Eisenhower's first budget to be prepared entirely by his administration for review by the then-Republican Congress. After that, it would be 40 years before a Federal budget would be approved by a Congress controlled by the Republicans.

And look what happened over those 40 years? First remember that not one dime can be spent by the executive branch of this government unless this House with the Senate passes a law which provides for a permanent appropriation. In brief, pass a law that make a program an entitlement. It is the Congresses before 1995 that have spent, spent and spent. And now we are trying to change that, not by cuts. The attempt is to slow the growth and have better programs .

Can we save a trillion out of revenue increases of several trillion? We can and we will.

During the last 40 years, Social Security spending has increased from 3 percent of the Federal budget to 22 percent. Medicare was not funded until 1967. Today it receives an allocation of 11 percent of the Federal budget. Other mandatory spending programs have increased from zero to 16 percent of the Federal budget. Other mandatory spending programs have increased from zero to 16 percent of the Federal budget. Today discretionary spending has a much lower proportion of the annual budget than it did in 1955. The national security budget allocation has been reduced from 63 percent of the total budget in 1955 to 18 percent in 1995.

Other domestic spending has decreased from 24 percent to 18 percent. Interest costs, however, have increased from 9 percent, when Eisenhower was President, to 15 percent. That is because our national debt has risen from less than a trillion dollars to almost 5 trillion today.

The bottom line is that the Federal Government's spending priorities have changed significantly over the last 40 years. The Federal Government's major role has been redirected from program initiator to benefits provider.

Today nearly 50 percent of Americans receive some form of government payment. Is this the essence of the American dream? A resounding ''no,'' I think most of us would say. And increasingly the voters are going to shout it so all elected officials can hear.

Members of Congress, parents, government workers, the media, every citizen must have the courage to seek the truth about what is happening fiscally in our Federal Government today.

If we look at table 5, the growth of assets and liabilities, 1955 compared to 1995, we see that since 1955 Federal assets have increased six times while liabilities have skyrocketed by a factor of 18. Why does the Federal Government have a significant asset liability mismatch? Because little attention has been paid to tie in revenues, taxes, fees, duties, to each specific promise and spending decision as we do in our family and business. The Federal Government operates using a cash budget that is ill-suited for looking out into the future. Thus our future spending commitments overwhelm our capacity to raise revenues.

Our option is to cut some programs dramatically. A second option is to increase taxes. A third option is to create more debt. The latter two options have been rejected by those of us in the Congressional majority.

What does this asset liability mismatch really mean for future spending and citizen taxes? Matching assets and liabilities is prudent fiscal policy. Spending and taxes are linked to Federal liabilities through the debt. Just as a family must not spend more than it earns, over the long run governments must make sure that revenues match expenditures. Federal debt reduction will be a key factor in determining each family's standard of living in the 21st century.

Many nations—including New Zealand, Singapore, Taiwan—and the European Economic Community have recognized the importance of matching revenues to equal expenditures. Many nations as well as State and local governments in this country have recognized the importance of matching specific assets, such as dedicated trust funds—as in the case of Social Security and Medicare—with the promises that are made.

Federal regulatory agencies, such as the Comptroller of the Currency, have required banks to match assets with their liabilities—their promises—in order to protect the government from losses. We should expect at least as much from the Federal Government when it makes long-term promises, and these promises should be matched to anticipated assets or income streams so that all who are entitled to the benefits will know that they are there.

Table 6 looks at the top six Federal assets, again, comparison from the Eisenhower administration to today. The bottom line for the Federal Government is the need to manage its assets in a prudent manner. By far the most important Federal asset is the power of the Government to tax. The power to tax results in the cash flow that sustains the yearly obligations of government.

I think it was Mr. Justice Holmes who said taxes are the price we pay for civilization, although I am also aware that taxes are rather heavy in a few dictatorships.

For the last quarter century, in the United States, tax revenues have been less than Government expenditures, thus the deficit. And the deficit which consumes our attention does not even consider the long-term unfunded liabilities which we are now discussing. The power to tax is what the Federal Government is expected to collect in fees, duties, and individual corporate taxes.

Expressed in today's dollars, over the next 75 years, the power to tax makes up over 95 percent of all Federal assets. This was true for both 1955 and 1995.

The willingness of citizens to pay taxes is what keeps our government operating. Between 1955 and 1995, using the value of the dollar for each period, the power to tax has increased from 3.5 trillion to 20.6 trillion, or a little over six times. Federal asset values have generally increased proportionally over the last 40 years, according to the estimates made by the citizens for budget reform.

One exception is gold. The U.S. gold stocks have been reduced by half since 1955, from 622 million ounces to 262 million ounces. As the price of gold increased from the Government mandated price of $36 per ounce, to nearly $400 per ounce today, the Federal gold stock was being reduced over this period by one half.

Other significant Federal assets include property, plant and equipment, inventories, cash, monetary assets, loans receivable and other assets. Property plant and equipment includes Federal buildings, military equipment, other equipment, construction in progress and land. With nearly 650 million acres of land in its inventory, the Federal Government controls almost 29 percent of the land within the United States. The vast majority of this land inventory is in Alaska, 248 million acres. Over 50 percent of Oregon, Idaho, Nevada, Alaska, Utah are owned by the Federal Government.

Federal land is valued at $20.6 billion. Obviously we must strive to protect our national parks, our national monuments, historic sites, wilderness and other natural wonders. High on this list are the Grand Canyon, Yellowstone, wild and scenic rivers, ancient forests and the home of our Presidents, among other historic homes and monuments. The Federal Government has over $130 billion in loans receivable, not counting the over 60 billion that has been written off by the Internal Revenue Service.

I am planning to hold a hearing on that probably around April 15 to see why that has happened and to try to get us through a debt collection act that will collect the 50 billion they are still owned and another 50 billion the rest of the government is still owed.

There is roughly about $146 billion in inventories. Other Federal assets include the national defense stockpile. My colleagues will remember that years ago with the strategic metals that were placed in it during the cold war. That is valued at $20 billion and 42 billion held in presidential funds directly under the control of the President.

When we look at table 7, we look at the top 11 Federal financial liabilities. Some are very good programs. We all need. We want to preserve them. We want to straighten them out so they will be here for the younger generation who very much doubts that they will ever be around by the time they become eligible due to age or means testing.

☐ 2030

The liabilities of the Federal Government include the total of all promises, loans, guarantees, claims, contingencies, contracts, and undelivered goods. In 1955 Medicare and Medicaid did not exist. In 1955 welfare, cash aid, food benefits was funded at very low levels. The major Federal promises of the Government in 1955 were meeting the payments needed to write the benefit checks for Social Security, to pay the interest on the national debt, to pay the claims on deposit insurance if a bank went broke, and to pay for the weapons systems to meet the needs of our Armed Forces at that time.

By 1995 the Federal Government had taken on substantial promises. For example, the retirement-related fiscal liabilities add up to 38 percent of the total 1995 Federal Government liabilities. Future welfare benefits are now responsible for over 24 percent of the total 1995 Federal liabilities. Health-related fiscal liabilities account for 20 percent of our promises and our liabilities.

These three classes of liabilities, retirement, welfare, and health, amount to 82 percent of the Federal Government's long-term promises. Additional liabilities are Federal guarantees of deposits in our banks, our savings and loans, and our credit unions. The deposit insurance fund liabilities equal nearly 6 percent of future promises as of September 30, 1995.

When we look at table 8, the entitlements in the mandatory spending, and what are the top five during the fiscal year 1995, which end on November 1, midnight October 30, the key to a balanced Federal budget depends on how our ability to better manage entitlement benefit programs is carried out. Programs providing entitlement benefits; that is, mandatory spending, includes the vast majority of all Government expenditures.

Entitlements can be grouped into five major categories. There are eight groups of means-tested programs; that is the first category, and we have got in there medical benefits such as Medicaid and eight health programs related in a similar manner; cash aid, there is about 11 programs; food benefits, 11 programs. We have heard a lot about school lunches. The fact is we are substantially increasing school lunches, but you would never know it if you listen to the campaign rhetoric. Housing benefits, 15 programs; education, 17 programs, various services, another 8; jobs and training, 7; and these are the means-tested ones, and energy aid, 2 programs.

Then you have got the Social Security payments in the second category. They make up over one-sixth of all Federal liabilities. Benefits currently being paid total over $300 billion a year. Social Security payments are not assured to all current contributors, and this statement is in quotes.

Young Americans find it easier to believe in UFO's, unidentified flying objects, than the likelihood Social Security will be around when they retire, unquote. That is based on a survey commissioned by Third Millennium, a forward-looking group, and it is a survey of those between 18 and 34 years of age, and they found in that survey that fully three-quarters of the 18- to 34-year-olds had doubts, grave doubts, about their capacity and opportunity to receive Social Security payment when they retire somewhere in their mid-sixties while nearly half of this same group think there are UFO's. so right now it is UFO's one, and Social Security, perhaps half of one.

Pensions and compensation in terms of the other main category. The Federal Government administers over 40 pension and compensation plans. The largest two, for civilian and military employees, account for 98 percent of the Federal Government's pension liability. The unfunded liability of these plans include roughly $905 billion, and the civilian plan is $630 billion—rather for the civilian plan it is $905 billion; for the military plan it is $630 billion. Federal spending for retirement income is thus substantial, but it would be even more so if the Federal Government were required to fund their retirement plans as private companies must fund them, Federal spending would be increased by at least $53 billion per year.

The other fourth category is other retirement plans and health actuarial liabilities which include veterans' compensation, the tragic black lung disease, Federal employees' retirement compensation, as well as other benefits.

Then the fifth category, the unemployment benefits paid in 1995, totaled over $½ trillion. As you know, we pay into that fund, another trust fund.

Mr. Speaker, we need to develop win-win solutions as we redefine Federal retirement, medical health, and unemployment programs. Those with the greatest need should be protected. Those in the middle- and upper-income economic levels should be willing to give up their benefits for reduced taxes and newly designed retirement security programs that are actuarially sound.

When we get to table 9, we are talking about the net worth of the United States, again 1955 compared to 1995. In 1955, which was the third year of the Eisenhower administration, the net worth of the United States was positive. It was slightly under $1 trillion.

By 1995 it was a negative of slightly over, minus, $28 trillion.

Remember now that the national debt is at $5 trillion, and, if nothing is done with the suggestions the majority has made in the House and the Senate to deal with eliminating the annual deficit, it will be $6 trillion, and add another trillion every 3 or 4 years into infinity.

So right now in 1955 you had a plus $1 trillion positive net worth. By 1995 it was a negative of slightly over $28 trillion. Now that is a ''t,'' not a ''b''; that is a ''t'' for trillion dollars. On the average for each year since 1955 over $1 trillion was added to the gross liabilities of the United States. Each year the Federal Government takes into its Social Security trust funds over $340 billion, it pays out to current claimants nearly $300 billion, and it has generally run surplus of about $1 billion a week for the last few years. That is not going to be there forever. As the baby-boomers begin to retire, you will see rapid use of that trust fund, and there will not be a billion dollars a week surplus. Thus each year approximately $40 billion is added to the so-called trust fund. The bad news, as reported by the Treasury Department, is that each year since 1989 the Federal Government has added nearly $400 billion to its Social Security unfunded liability.

Additional liabilities beyond Social Security, such as the increases in entitlements and infrastructure, are estimated to increase each year by at least another $400 billion. If the Federal Government had to follow business balance-sheet practices, dramatic steps would need to be taken since the Federal net worth is less than zero. The Federal Government has much more than a little problem with its net worth. It is faced with a catastrophic situation.

The recent experience in Orange County, CA, is instructive. Citizens and elected officials were not kept up to date about investment policies and related management decisions. Financial disaster struck. Undue interest risks were taken that eventually led to the insolvency of Orange County, one of the richest counties in America.

Our Federal Government is exposed to similar risks. Assuming undue credit risks have cost the Federal Government billions of farm loans, student loans, and small business losses. Mismanagement of Social Security interest rate risks are projected to cost the trust fund a trillion dollars over the next 30 years. Widespread mismanagement of Federal programs, including defense weapons systems, acquisition, job programs, welfare initiatives, have increased management risks resulting in greatly reduced program performance, and I am calling for the Federal Government to use basic financial management accounting and budget tools that are used every day in business and by many of us.

As we get to table 10, the new Federal programs created since 1955, we see that hundreds of new programs have been created over the last 40 years. This Congress has tried to consolidate some of those programs and delegate them to the States with Federal funding, but put them into groupings where they can be manageable. You now have dozens and dozens, hundreds, of competing Federal bureaucracies, dozens in the same area that are not talking to each other, and all they are asking for is additional budget funds, and we do not measure them properly.

The States are way ahead of us. Oregon has a benchmarking program. They worked with the citizens to talk about what is it you expect from government, how can we measure it to know we are satisfying the customer, our taxpayer?

We are not the most reform-oriented government in the world. This majority is, but the Government that is being reformed, has been reformed and I say to my friends on the other side of the aisle they were started by two Socialist prime ministers, and that is New Zealand and Australia. They have dealt with problems that we have ignored. We will now start dealing with those problems.

Programs were created from the 1950's up for almost every imaginable purpose: health care, education, welfare, national security, international assistance, commerce, transportation. The Federal Government has been a program-generating machine during the last 40 years. For instance, the Appalachian Regional Commission, formed in the mid-sixties, has created dozens of highway, economic development, health, and education programs which duplicate many Federal programs. Within the Department of Education new programs were established for Alaska Native culture and arts development, cooperative education, innovative community service projects, upward-bound talent search, student support services, educational opportunity centers, State student incentive grants, national science scholars, teacher corps, Javits fellows, legal training for the disadvantaged, to name but a few, many of them very worthy programs helping a lot of people become constructive citizens in our society. The top six new Federal programs created since 1955 in terms of current spending, however, include Medicare. Benefits reached an estimated $174 billion in 1995. Under the 7-year Balanced Budget Act of the majority which we passed in its proposal to reform Medicare before it went bankrupt, the increase in benefits would total over $100 billion by 2002. Medicare benefits are paid in addition to Social Security to persons over 65. Medicare spending is approaching one-half, 50 percent, of total Social Security benefit costs. In 1995 Medicare spending was $174 billion compared to Social Security payments of $334 billion.

Now medical benefits, which covers a number of programs, includes Medicaid accounts, MediCal, as we call it in California, and since the 1960's there are nine major programs besides Medicare that have been added, and together they account for roughly 89 percent of the medical benefit health category.

Medicaid serves six groups, and many people do not know about these: Current and some former cash recipients, low-income pregnant women, and children, the medically needy, persons requiring institutional care, which is a growing area, low-income Medicare beneficiaries, because it is based on the amount of income one receives, and low-income persons losing current employee coverage, which is a serious problem in society since some corporations, because they had to meet the unfunded-liabilities test, cut off their health benefits for their retirees.

☐ 2030

Some are trying to restore that, once they got past the problem of having to deal with accounting standards in the business community.

Other medical groups include veterans without service-connected disability, general assistance, Indian health services, started under President Eisenhower, maternal and child health, community health, family planning, migrant health centers, and medical aid for refugees.

Then we have another one. Nuclear weapons cleanup costs have been escalating almost geometrically over the last few years. The actual nuclear weapons costs cannot be estimated with confidence until Congress and the regulators determine the level of health and safety risks to be assumed. The Department of Energy currently stores 100 million gallons of highly radioactive waste, 66 million gallons of plutonium waste, and even greater quantities of lower-level nuclear waste. At the current level of funding, which is under $10 billion per year, the nuclear cleanup could take 100 years or more to be completed. In 1988 the Department of Energy estimated that the nuclear cleanup costs would be between $66 and $110 billion. Knowing government estimates, I would suggest we just double it to start with.

In 1993, Department of Energy officials raised the cost of the nuclear waste cleanup. They did more than double it, to between $400 billion and $1 trillion. Perhaps we ought to triple that.

Then you have the category of Pension Benefit Guaranty Corporation, and that ensures private pension plans. The total potential liability of the Pension Benefit Guaranty Corporation is nearly $1 trillion. Senator Dirksen, the Republican leader of the Senate when I served on the Senate staff used to say, ''A million here, a million there, pretty soon you are talking about real money.'' Then it got to be ''$1 billion here and $1 billion there, pretty soon we are talking about real money.'' Well, we are now talking about trillions. That is real money.

Then we come to the transportation insurance that is provided for both aircraft and ships that are dedicated to national service during a national emergency. Aircraft under this program were first used in the Gulf War. And we get to the Government National Mortgage Association packages, and the Veterans Administration mortgage loans and Federal Housing Administration mortgage loans for sale into the secondary mortgage loan market. A Federal loan guaranty is issued. At the end of fiscal year 1995, more than $550 billion in loans had been guaranteed.

With the Federal Home Loan Mortgage Corporation, like its slightly older twin, the Federal National Mortgage Corporation, it provides a secondary market for mortgage loans, and the risk to the Federal Government is less than it seems. The Federal Home Loan Mortgage Corporation has nearly $500 billion in gross mortgage loan liability. Even in the worst possible economic scenario, its losses would not exceed 20 percent of the liability.

We look at the conclusion here, and what do all these numbers, charts, tables, figures, tell us? There are five major conclusions we can make out of that. Certainly the first is the Federal Government has changes its mission over the last 40 years from program administration to bestowing benefits on millions of citizens. The Federal Government certainly, in the case of the Veterans Administration and other areas, has a lot of analysis to do. We need in the months ahead to be looking at some of these areas and to do that analysis.

We need, once we get the balanced budget, to stimulate a discussion on retiring the national debt and to stimulate a discussion of the long-term liabilities of this country, so that young people, young adults, when they are interviewed, do not have to say, ''It is more likely that I will see a UFO than I'll see the guarantees the Federal Government now makes to me about Social Security and Medicare.''

While we have prevented Medicare from going bankrupt, if the President signs off on it, we still will have problems with many entitlements, and we need to have more efficiency, more effectiveness than we have had in the past.

Mr. SHAYS. Mr. Speaker, will the gentleman yield?

Mr. HORN. I yield to the gentleman from Connecticut.

Mr. SHAYS. Mr. Speaker, I would love to get the gentleman's chart 3 beside him, because to me it just raises a very interesting point as it relates to democracy. Mr. Speaker, as I read it, and I would love the gentleman to comment, as I look back in 1955, it is fairly clear that nearly 90 percent of all expenditures are what we call discretionary spending, spending that was voted out by the Committee on Appropriations, and that what we call mandatory spending, entitlements, interest on the national debt, was close to 20 percent. We vote on what we call the discretionary spending, then.

What my colleagues seems to point out is that sometime, I gather, in the 1970's or a little beyond, at that point mandatory spending overtook discretionary spending with, I think, tremendous significance, because I was elected 8 years ago. I do not vote on 50 percent of the budget. It is on automatic pilot. In fact, I do not vote on 60 percent of the budget, basically.

Mr. HORN. You vote on only a third of the budget.

Mr. SHAYS. I vote on a third of the budget. Gramm-Rudman, which was attempting to get our financial House in order, only focused in on discretionary spending, so while we tried to control the growth of discretionary spending, nondefense and defense spending, we had entitlements just continuing to grow, and what to me is most alarming, interest on our national debt is about 15.3 percent.

What it seems from looking at that chart, I am just wondering if the gentleman could project this out beyond the year 2002, and tell me if we do not deal with this challenge, what is likely to happen.

Mr. HORN. Mr. Speaker, my second conclusion would be today's spending by the Federal Government for mandatory programs is unsustainable. In other words, Congress needs to get control, one, through modern efficiency and effectiveness. My distinguished colleague [Mr. SHAYS] is chairman of one of the subcommittees, as I am, of oversight on a substantial portion of the Federal Government. You have some of the major spending programs within your jurisdiction, as does the relevant appropriations subcommittee, as do the various authorization committees.

One of our problems with the House and the Senate we that we often have 11 authorization committees for one agency. It is hard to get a focus on it. We are going to have to do a lot better in management of ourselves and the executive branch simply we must think about results, not haggle over how many employees they have here or there. Let us find out what these employees are going. Are they meeting the taxpayers' goals and needs? If we do as they already have done in Oregon, as they have done in Minnesota, as they have done in North Carolina, and South Carolina, then we will finally get a better fix on these programs.

As I suggested earlier, and I think you were in the room for that, with job training we have had a very good approach this year in consolidating many programs, so that the Governors can adjust them to meet local community needs.

Mr. SHAYS. I am struck by the fact that the gentleman points out that we cannot continue to allow mandatory spending to continue to grow and grow. They cannot be sustained. As they grow, it crowds out discretionary spending, though discretionary spending is where you and I and other Members on both sides of the aisle actually have to make choices.

Mr. HORN. Mr. Speaker, another point, I think, that the gentleman from Connecticut is so correct in, Congress, which has only a third of the control over the total budget in terms of discretionary spending, unless the authorizing committees recommend and we pass a law that tightens up some of the criteria on mandatory spending. And of course, one thing we have done is try to bring together some of the related programs so they make some sense.

The average citizen is confused. Where can they get help? That is why your district office and mine and those of the other 433 Representatives in the House, 100 Senators and 5 delegates, have congressional staffs in the field to try to help the average citizen work their way through this vast bureaucracy. A lot of very good programs exist, but they also need to be pulled together so they can be serving real needs, and if they are serving out-of-date needs, we need to face up to it and deal with it.

Mr. SHAYS. I serve on the Committee on Government Reform and Oversight. We have oversight of HHS, and it was described to me by one of the planners, an undersecretary, that when HHS also included Social Security, its total budget was larger than the gross domestic product of Canada, an astounding thought, that here we had this Government agency that spent more money than all the gross domestic product of Canada.

Mr. Speaker, I would just thank the gentleman for his presentation, both in terms of liabilities, which ultimately are continuing to grow, and something we have not even begun to address. But what we are trying to do in this 104th Congress' first session is to slow the growth of mandatory spending, to start to make choices about what parts of our society should get resources. I thank the gentleman.

Mr. HORN. And we want to make them work better. One of the things I said before, besides efficiency and effectiveness, there has been almost no thought given to linking Federal income sources, the assets, with long-term promises, the liabilities. The net worth of the Federal Government, as I suggested, has gone from positive to very severely negative.

The Federal Government's long-term promises, the problem is concentrated among the top 11 financial drains and financial opportunities and financially specified programs. We just have to face up to how we improve those programs, meet the needs of people, make sure that people do not fall through a net that is not a safety net. I think we can do it.

What can be done to straighten out the Federal Government? We are going to discuss some of those possibilities over the next few weeks.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 299, AMENDING RULES OF THE HOUSE OF REPRESENTATIVES REGARDING OUTSIDE EARNED INCOME

Mr. SOLOMON, from the Committee on Rules, submitted a privileged report (Rept. No. 104–441) on the resolution (H. Res. 322) providing for consideration of the resolution (H. Res. 322), to amend the Rules of the House of Representatives regarding outside earned income, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2677, NATIONAL PARKS AND NATIONAL WILDLIFE REFUGE SYSTEMS FREEDOM ACT OF 1995

Mr. SOLOMON, from the Committee on Rules, submitted a privileged report (Rept. No. 104–442) on the resolution (H. Res. 323) providing for consideration of the bill (H.R. 2677) to require the Secretary of the Interior to accept from a State donations of services of State employees to perform, in a period of Government budgetary shutdown, otherwise authorized functions in any unit of the National Wildlife Refuge System or the National Park System, which was referred to the House Calendar and ordered to be printed.

UNAVOIDABLE QUESTIONS REGARDING IMPORTANT NATIONAL ISSUES

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Vermont [Mr. SANDERS] is recognized for 60 minutes as the designee of the minority leader.

Mr. SANDERS. Mr. Speaker, as the only Independent in the Congress, someone who is not a Democrat or a Republican, I want to take this opportunity to raise some questions that my Democratic and Republican colleagues often choose not to deal with, questions which I think get to the root of some of the most important issues facing our Nation. But before I do that, let me say a few words about what is going on in Congress right now in terms of the partial closing down of the Government and the furloughing of some 280,000 American Federal employees.

The Government is shut down, partially shut down tonight for a reason that I think most people do not dispute. That is that the Republican leadership has not been able to pass and get signed the requisite appropriation bills. That is about it, pure and simple. If the appropriation bills were passed, the departments and the agencies would be funded, Government would be running as it always does, and 280,000 Federal employees would not be today furloughed, living in great anxiety, wondering what is going to be happening to them as Christmas approaches.

Mr. Speaker, the reason that the shutdown is taking place is that instead of passing a continuing resolution which would continue the Government's functioning, the Republican leadership is holding hostage the Federal employees, and saying to the President and saying to those of us in the House and in the Senate that ''If you do not pass our 7-year balanced budget proposal, we are going to shut the Government down.'' That is what is going on.

Some of us very strongly object to the Republican 7-year balanced budget proposal. We think that it is right that the country moves forward toward a balanced budget, we think that the budget can be balanced in 7 years, but we very strongly disagree with the priorities that the Republican leadership has established. For example, many of us are terribly concerned about a $270 billion cutback in Medicare, and a $163 billion cutback in Medicaid.

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Today the United States remains the only major industrialized Nation on Earth that does not have a national health care system guaranteeing health care to all people. So we already start off in much worse condition than many of the other industrialized nations.

My friend from Connecticut a moment ago mentioned Canada. We border on Canada, and in Canada, every man, woman, and child has health care and goes to the doctor of their choice without out-of-pocket expense. In Europe, different types of programs exist, but in all of the industrialized world, health care is guaranteed to their people. So many of us, therefore, regard it as abhorrent and very frightening that the Republican leadership wants to cut back significantly on Medicare and Medicaid.

Now, I know that many of my Republican friends say well, these are not cuts. Let me talk about that for a moment. If a worker goes to his employer and the employer says, Harry, the good news is that I am going to work out a 7-year contract with you, and today, hypothetically, you make $25,000 a year, but Harry, at the end of the 7 years, guess what? You are going to be making $26,000 a year. We are going to be spending $1,000 more for you at the end of 7 years than we are today. Is that a cut, or is that not a cut?

Well, from the worker's point of view, my guess is that he or she would say, well, you know, thank you, but in 7 years there is a lot of inflation. My food prices are going up, my rent or mortgage is going up; it costs a lot of money to send my kid to college. $1,000 is more than I am making today, but $1,000 over 7 years does not keep pace with inflation.

So you can argue that the employer is spending more money, that is true. But you can also argue that from the worker's point of view at the end of 7 years, in this case, he is going to be significantly worse off because his income has not kept pace with inflation.

Another example: An employer can say to 100 workers that we are going to be spending thus-and-such more for our work force at the end of 7 years, but guess what? We are going to be having more workers. We are going up from 100 workers to 150 workers. Is the employer spending more money? Yes, that employer is. But what happens to the individual worker? It could well be that the wages and benefits that worker receives has gone down.

Within that context, let me say a few words about Medicare. Now, in my State of Vermont, and I do not know that the figures and the statistics in Vermont are much different than the rest of the country, but 12 percent of the people in Vermont who are 65 years of age or older have incomes below the poverty level of $7,360. Forty percent of senior citizens who are single have incomes below $14,270. Nationally what we know is that 75 percent of seniors have incomes less than $25,000. Within that context, let us talk about Medicare.

Under the Republican proposal, Medicare premiums would increase from the current rate of $46.10 per month now to $89 per month by 2002. Between now and 2002, seniors would be forced to pay, therefore, about $1,700 more over that period of time. After 2002, they would pay over $500 a year more for their premiums.

Now, we hear a whole lot of talk from our Republican friends that this is not a cut, we are spending thus-and-such more; but let us look at it from the other perspective. Let us look at it from the point of view of the a senior citizen in the State of Vermont right now who has an income mostly from Social Security of about $10,000 a year, $10,000 a year. Now, for some people with a whole lot of money, a $500 a year increase in premiums may not be a lot of money, and I can understand that. But if you are living on $10,000 a year, $500 increase in premiums is 5 percent of your total income. It makes your Medicare premium payment 10 percent of your total income. That does not include MediGap that many senior citizens take out to cover areas of health care that Medicare does not cover; it does not include prescription drugs. So for elderly people in the State of Vermont and throughout this country who are low income, these cuts in fact are devastating.

Now, in terms of the Medicaid cuts, these are really quite incredible and heartless. At a time when many of us are trying to move this country in the direction of the rest of the industrialized world and are trying to make sure that every man, woman and child in this country has health insurance as a right of citizenship, what Medicaid does is make significant cuts in terms of the number of people who have health insurance.

Under the current Medicaid proposal that our Republican colleagues are