

a living. Imagine what would have occurred if we had not passed the minimum wage last year.

Mr. Speaker, I want to take special note of the fact that among those in our society already excluded, particularly people of color, the minimum wage has had the most important effect. Seventeen percent of all hourly paid African-American workers are minimum wage workers, and of course most of these low wage workers are female. Now, that is 17 percent, even though African-Americans are something like 12 percent of the population.

Twenty-one percent of all hourly paid Latino workers are minimum wage workers, and 25 percent of paid Latino women earn the minimum wage.

Therefore, if our concern is with eliminating disparities among people of color and white people, we should be aware that remedies like simply raising the minimum wage in an orderly and systematic fashion is one of the most effective things we could do.

There is a lot of concern and interest in getting women to go back home and in fact not work. Let me be clear. The women's movement of which I consider myself a part does not now and never has had the position that women should go out to work. Remember when the women's movement started. That was at a time when it was considered heretical for women to work. Therefore, women stepped up to the plate and said, wait a minute, is that not a choice I should make—because that was the background and the backdrop of women's work.

There are some who claim that we do not want women to stay at home. What we want is what women did not have when we said women should be able to go to work and what they should have now. And that is the right to make the choice with or without sacrifice as to what to do with their lives, a choice to be made by them and their families.

Mr. Speaker, if we really mean that choice to be a real choice, of course, we would do what every industrialized country in the world does. And that is at least provide some aid through some sort of child care system for women who want to go out and work, but we do not do that. That has not kept women from going to work. What it has meant is women have gone to work with some sacrifice to their children.

□ 1530

There is a reason women are working. You can bet your bottom dollar that there is a reason why half of all married women with children under 3 are in the labor force, and that is not because all of them have gone to law school and decided that they want to try out their law degrees. These are the minimum-wage women I was talking about or women just above them. These are the \$14,000-a-year women that have no other choice and would not leave their children if they had any other choice.

Even if they have husband, and remember that the number of women who are raising children by themselves has doubled since 1970, remember that these women are working because this work simply must be done to earn a living.

In 1970, a quarter of all women worked. Now we are up to half. I am sorry, that figure was not correct. It was a quarter of all married women were working. And now it is half of all married women.

What we, I think, have been reluctant to face, Mr. Speaker, is that women have become to the service economy what the men of the 19th and early 20th century were to the industrial economy. Like the male industrial workers, women are the low-paid workers with no benefits of the 20th century.

If you look at who does not have pensions, if you look at who does not have health insurance, it is full-time women workers, and it is the plethora of women, the majority of women, who are part time workers or the majority of part-time workers who are women; and many of the part-time workers in this country tend to be women. The temporary workers tend to be women. And I don't think I need to say to this body what their benefit and wage levels are. Indeed, increasingly we see employers breaking jobs up to make them part-time and temporary precisely to avoid paying benefits.

There is going to come a time, Mr. Speaker, when women come upon this body and the other body to rectify this matter. It is time that we moved on our own to address this tragic frustration of the American family, because remember what these women are doing.

I have spoken of low-pay jobs for women. I have spoken of minimum-wage jobs for women. What kind of jobs do I mean? I mean the fast-food jobs; I mean the health aide jobs; I mean the insurance clerk jobs; I mean the residential day-care jobs; I mean the beautician jobs; I mean the hospital worker jobs. Women predominate in these low-paid occupations, and yet they have families, they live the same kinds of lives, have the same kinds of needs that other families have.

So on tomorrow, Pay Equity Day, we need to return to the equal pay and comparable pay issues. There is a reason why our focus is scattered, but we have got to be able to walk and chew gum at the same time.

Women have many, many concerns. It is perfectly appropriate for women to reach to those many concerns. None is more important today, Mr. Speaker, than assuring that when a woman goes out to work, she at least brings home what she is worth. That is what the Fair Pay Act is trying to achieve.

The frustration of having to go to work, for many women with small children is great enough, but having to go to work and then hardly bringing home enough to pay the baby-sitter or the child care center, which may or may

not be accredited, that is a frustration we should ask no American family to endure. At the very least, we should be moving to begin to rectify a problem that is going to take years to remedy.

There was a time, Mr. Speaker, when pay equity issues were classic women issues. Times have changed, Mr. Speaker. The pay equity issue has become one of the paramount family issues. This, I submit, is not only because of the growth, the alarming growth, if you will, of female-headed families; this is because in America today it takes two to tango in the workplace to bring home enough money for the family. It is wrong to send women out in order to help with family income and then not to make sure that the woman brings home what her skill effort and responsibility on the job would indicate she deserves.

Mr. Speaker, some of us have been very vocal to young women, saying to them that what they must do is to get the requisite education. I am very blunt about it to my own constituents. I have a program called D.C. Students in the Capitol so I get to talk with them every legislative day. I ask their teachers and parents to bring them in classes to the Capitol, telling them that 20 million people come to visit the Capitol or visit Washington every year, and if you are born here and raised here, surely you ought to come.

And then I ask them, as I talk with them, to give me a promise, and I ask them that each raise her hand if she or he can promise me that she will stay in school at least until they have finished high school, and invariably they raise their hands. And I am very blunt with the boys, and I am very blunt with the girls. I talk to the boys about crime, and I talk to the girls about pregnancy, and I say I am going to check up on you to make sure that you do what you promise to do.

I do not want to be put in the position of sounding like a hypocrite of saying stay in school to the young girls so that you can come out here and make whatever an employer wants to pay you. I want to be able to say stay in school so you can come out and earn what you are worth.

For that reason, I ask that on tomorrow everybody think about pay and equity, because that is the day on which, remember, we are only in April, on which women earn as much as men have earned the entire prior year. I ask my colleagues to sign on to the Fair Pay Act. We had 52 cosponsors last year. Senator HARKIN has introduced the bill in the Senate already. I have over 20 cosponsors. I invite the cosponsorship of all of my colleagues.

HOW BIG SHOULD GOVERNMENT BE?

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Michigan, [Mr. SMITH] is recognized for 60 minutes.

Mr. SMITH of Michigan. Mr. Speaker, I think since tax filing date to pay our income taxes in the United States is next Tuesday, April 15, it is an appropriate time to talk about how big do the American people and the American workers think Government should be and how much of their money that they have earned do they think should go to pay for government.

In the last several years, I have been concerned about Republican candidates and Democrat candidates running for Congress, running for the Presidency, that suggest somehow that Government can do great things for us; that Government can increase our standard of living; that Government can give us better jobs.

I would suggest, Mr. Speaker, that Government and what it can do to increase our wages and increase our standard of living is much overblown from the mouths of politicians. If Government could actually pass laws or do something to increase wages, increase the standard of living, would not every Government in the world do that? The fact is that what we have and what we can get, and the amount we earn and the kind of community we live in, is pretty much up to our individual selves and collectively within that community, and it is dependent on whether or not we can produce a product that other people want to buy around the world and we can produce it at a competitive price. So we are looking to produce a quality product at a competitive price that other people in the world and in this country want to purchase.

Let me suggest two mistakes I think we have been making to accomplish that kind of goal in order to increase our take-home pay and have more time to spend with our families and do a better job in our competitive relation with other countries around the world. Let me give what I consider bad news over the last 10 years. The productivity; that is, the efficiency of the way we produce products, the productivity in the United States has been increasing at a slower rate than other industrialized countries around the world.

Part of the reason is that we discourage savings and investment. So at this tax time of year, I would humbly suggest that one thing we want to do is change our Tax Code not only to make it simpler and more fair, but we have to do that because the special interest lobbyists have really ruined our current Tax Code and given too much favoritism to their clients. What we want to do is encourage investment, encourage savings, reward the people that are trying, that are working instead of what we do now.

Let me give a couple of examples. Our penalty on a business that buys a new piece of equipment or new machinery to increase the efficiency and productivity in that particular job site, we penalize it in our Tax Code more than any of the other G-7 countries.

I think a lot of people do not think about it, but what we do to a business

is we say, look, if you are going to buy the more efficient equipment and the more efficient machinery to increase the productivity of your workers, to increase their pay, this is how we penalize you. We say that you have to put it on a depreciation schedule and we make them depreciate it over the next 3, 5, 10, 15 years.

What happens when they buy that equipment and have to wait that long to deduct it as a business expense on their taxes is inflation eats up the value of that deduction.

So a lot of us have been trying to change that. And it seems to me on the Neutral Cost Recovery bill that I have introduced is that we simply should say to a business, look, if you are willing to go out on the limb and put better tools, better equipment, put a better facility there for the people that work in your company and you make that purchase, you can deduct it as a business expense or, at the very least, what you do not deduct as an expense in the year of purchase you can add an inflation factor to it so when you do depreciate it on that depreciation schedule it is adjusted for inflation in the time value of money.

If I were to take a vote in this auditorium, Mr. Speaker, of how much individuals thought they should pay in taxes, how many cents out of every dollar they earn they believe is reasonable to pay in taxes, my guess is most people would come up with around 25 percent of what I earn is reasonable. Well, the average in the United States is a little over 41 cents. On the average, the average worker in the United States now pays 41 cents out of every dollar they earn in taxes at the local, State, and national level.

I would just suggest that during this time of year, when we are concerned about how much taxes we are paying, everybody should look at their end of the week or end of every 2-week check and look at the deductions on that check.

□ 1545

When you fill out your 1040 and your tax forms, look at that bottom line. We do not pay much attention to it because most of us have it automatically withheld from our paychecks, and so we never see it. And so there are a lot of people that have said, "Jeez, I got a tax refund." But I think we need to remind ourselves that we are paying thousands and thousands of dollars in to run government. When you pay that money in, how do you make sure you are getting your buck's worth? How do we make sure we are getting our bang for the buck? Let me tell you a dangerous situation that I have seen happening in my last 16 years in politics, this is my 5th year in the U.S. Congress, and I am concerned because I see Members of Congress tend to increase their chances to get reelected if they promise more pork-barrel projects, if they go home and promise more social programs, if they promise to do more

things for the American people and the people in their particular congressional district, or U.S. Senate district in their State. They get on television if they take home those pork-barrel projects, cutting the yellow ribbon and people say, "Boy, this guy is really good, he's bringing me something." Let me tell you something about pork-barrel projects. If you take home as a Member of Congress pork to your district, you can bet your life that you are also voting for everybody else's pork. That is one of the problems of us running deeper and deeper into debt and taxing more and spending more. Those individuals that promise to do more social programs for people. The problem is, is that you are paying for it. Jefferson said that it is one of the greatest dangers of a democracy to have people that can vote themselves more benefits. But the problem is, Government has no money. The only way we come up with money is to tax the American people and reach into their pockets, reach into what their hard-earned dollar is, to take it and to decide down here in Washington what we want to spend. Right now, the annual deficit is what we overspend, the amount that we overspend in any 1 year above and beyond the revenue coming into the Federal Government is called the deficit. If you add all those deficits up year to year, then you end up with the Federal debt. The Federal debt is now about \$5.2 trillion. A lot of money. Let me tell you, though, what overpromising has done. Overpromising on Medicare, the economists, the actuaries, now estimate that the unfunded liability, the actuarial debt of Medicare is approximately \$9 trillion. That means you would have to take \$9 trillion and put it into the Medicare pot right now if it was going to support that program and keep it solvent for the next 75 years.

Let me talk about Social Security, and I am going to talk about Social Security a little more with the rest of my time, Mr. Speaker, because I think that is something that is really coming down very quickly, is becoming insolvent. Social Security now has an unfunded liability of approximately \$7 trillion. In other words, we have promised more than we can deliver in Social Security.

Let me run through some charts. This first chart shows the pie of the expenditures of the United States. The piece of pie up in front of that chart represents Social Security. That takes 22 percent of the Federal budget. Social Security, Medicare, other entitlement programs, the welfare program, the food stamp program, the 15 percent of the budget that goes to pay the interest on the public debt and the other entitlements use up essentially all of the Federal spending budget except for the discretionary programs. The only pursestrings that Congress now controls are those discretionary spending. If you take defense out, defense uses 17 percent of the total budget. What is interesting, the hawks and the doves, the

Republicans and Democrats, conservatives and liberals, almost never disagree more than a plus or minus 8 percent on what should go into defense spending. So that leaves 12 appropriation bills that this body, the U.S. House of Representatives, has control of, along with the U.S. Senate and those are the 12 appropriation bills that use up the other 17 percent of this total budget pie. That is all we have control of.

What Republicans did 2 years ago is said, look, as leverage to try to reduce the rest of this spending pie, we are going to add language on to these appropriation bills that essentially run Government, language that says, look, if we are going to ever achieve a balanced budget and live within our means and to stop spending the money that our kids have not even earned yet, that is what I call borrowing is, when the Federal Government borrows, what we are doing is spending the money that our kids and our grandkids have not even earned yet, we have no idea how we are ever going to pay it back. There is no plan by anybody on how to start paying this back so we just keep borrowing and say, "Well, let the young people worry about it in the future. Maybe their problems will be less." No. 1, I know I am getting on a long footnote here, but is it not terribly egotistical for this generation to think that the problems today are so great that it justifies borrowing this money from our kids and our grandkids, driving their debt even deeper, making their chances of success even greater by simply going in and overspending?

That is why I think it is so terribly important that every American, Mr. Speaker, when Members run for Congress, when Members run for the U.S. Senate, when people run for the Presidency, they say, "Look, candidate, what are you going to do about this overspending?" And so the candidates say, "Well, we're going to deal with it. That's important."

I think it is coming to a very serious point where we cannot allow Members of Congress to be elected that are going to continue the tax and spend and borrowing as usual.

Let me just take a few minutes looking at the problems on Social Security. The average retired couple now on Social Security has already gotten back 4 times what they and their employer put into Social Security taxes. They have gotten back 4 times what they ever put into it, plus compounded interest.

This chart shows that if you happened to retire in 1980, it took 2 years of retirement to get everything back that you put into Social Security in taxes plus what the employer put in. If you retired in 1980, it took 4 years to get everything back that you and your employer contributed in taxes to Social Security plus compounded interest from day one. However, if you retire 10, 15 years from now, it is going to take 26

years of living after you retire just to break even and get back what you and your employer put in, in taxes, in the Social Security taxes.

Social Security started out with a tax of 2 percent on the first \$3,500. Every time we have gotten into problems with Social Security and having less money than was needed to pay existing benefits, we have simply raised taxes. The system today is sort of a Ponzi game. It is a pay-as-you-go program, Social Security is. We take the existing taxes and we immediately send out those taxes to the existing current retirees. That is the way it is today. That is the way it always has been since 1935. And so when you end up with a problem of fewer and fewer workers supporting a larger number of retirees, then you run into problems. The problem so far has been solved by the age-old tradition in this country of simply saying, "Let's just raise taxes again." So this chart shows how much taxes have been raised.

I am sure if you were guessing how many times we have increased taxes since 1971 on Social Security, very few people would guess 36 times. But we have increased the Social Security tax on young working families, the working men and women of this country 36 times since 1971. That is why I am suggesting that the Social Security problem, to make it solvent, does not have any tax increase.

This next chart shows what is happening in the demographics of the increased population. The increased senior population is going to grow 108 percent between now and 2040 where the working people population is only going to increase about 24 percent, is the new estimate between now and 2040. So we have more and more retirees and fewer and fewer workers. One reason for that situation is people are living longer. When Social Security started in 1935, the average age of death was 61 years old. On the average, people lived to 61 years old. And the retirement age then was still 65. That is what it was. So that meant most people never collected Social Security. They died first. And so it was easy to keep a program solvent when we said pay taxes all your life and then you are unlikely to ever collect anything. And so what happened is as people live longer, there are more senior citizens. Right now the average age of death at birth is 74 years old. However, if you reach age 65, then the experts predict for those people that reach 65 years old, the age that you can start collecting Social Security today, that on the average you are going to live to be 84 years old. Some are guessing that by the year 2040, half of the people in the United States could even live to be 100 years old. And so as you increase the number that are receiving the benefits from existing workers, it makes it tougher on those existing workers, especially if there are fewer of those existing workers.

Let me get to these workers charts here. In 1947, there were 42 people

working paying in their Social Security tax for every retiree. By 1950 it got down to 17 people working paying in their Social Security tax for every retiree. Today 3 people are working paying in their Social Security tax supporting the Social Security benefits for every Social Security recipient that is now collecting benefits. The guess is that by 2029 we are going to be down to 2 workers. It is a serious problem. There are no good fixes. But I think the solution pretty much boils down to one of two things or a combination. You have either got to increase revenues or you decrease outgo, or it is a combination.

That is all there is. And so I have come up with a suggestion that says, at least for everybody over 57 years old, that you are going to continue to get the same benefits that you have expected all your life and these politicians have promised you. But for people younger than that age, we do a couple of things. We slow down the increase in benefits for the higher wage earners. In other words, if you are making lots of money, your benefit increase over the years is going to go up slower than it otherwise would. The benefits for those very lower wage people will actually go up faster than it would under existing law. I am suggesting we add a year to the retirement age. People are living longer, so I have suggested we add 1 more year to that retirement age before you are eligible for full retirement.

Here is the other exciting thing that is in my bill, though. I am suggesting that part of the money be allowed to be used for private investment. Do you know why the President's advisory commission, Mr. Speaker, every one of the three suggestions from that commission included private investment? Here is why. The Department of Treasury only pays a real interest rate return of 2.3 percent. So anybody that can invest that money anyplace else for a greater real return is going to end up being better off. And so I am suggesting that the surpluses now coming into the Social Security trust fund, because after the 1983 huge tax increases, we are ending up with a little surplus coming in every year. In other words, there is a little more tax money coming in than is required for those benefits, that goes into the Social Security trust fund, I am suggesting we keep Government from using that extra money to spend on other programs. I think that is an important first step, is that we keep that Social Security trust fund money from being used and being spent for other programs, because the problem is even though Government, quote-unquote, Government writes an IOU and says we are using this money for other programs and we intend to pay it back, there is no way for Government to pay that back without going out and borrowing more money and going out and increasing taxes to come up with the money to pay it back. So let us keep the Government's

hands off that extra trust fund money to start with.

What I do in my proposal is I allow the individual workers to use that amount of money for private investments. It starts out at about 2.3 percent. Right now the Social Security tax is 12.4 percent. This says we will start out at 2.3 percent to be allowed for the private investment. That private investment, by the way, even though I increase the retirement age by 1 year, I say you can take out your private investment money as early as age 60, trying to offset the negatives of adding 1 year to the retirement.

If individuals were allowed to have private investments back in 1935 and if we simply said in the law, look, you have the option of going into the Government program or you can have your own private investments as long as you invest the same percentage, you cannot take it out until age 65, with those kind of requirements, we would have almost 10 times the return on investment as the so-called investment into Social Security taxes during those years.

□ 1600

Here is what is interesting researching the records of the arguments between the House and the Senate. In 1935, when they passed the bill, the Senate insisted on two votes in the Senate, that that personal investment be an option to the Government program, and that is the way the Senate passed the bill. But in conference committee the House talked the Senate out of the provision, and it became a total Government program.

Some people say, "Well, can you trust the American people to invest their own money?" Is that not a sad state of affairs?

I say, yes, we can. I say part of the problem is we have taxed the American people so much that they have very little opportunity to invest because we take it away, all of it away from them, in taxes. But look, the American people that can go out and dicker for a car, the American family that can go out and buy a home and come up with a reasonable price for that home, a family and individuals that can invest IRA money can end up investing their own money.

I set certain parameters in my bill on where the money is invested. I start out by saying, look, individuals are going—the firms that take that money to invest it are going to have to give a quarterly report back to those individual workers because I think that is important, I think that is the trend. And if you start out at just 2.3 percent, I think you can learn very quickly to weed out the Wall Street snake oil salesmen.

But I set in the parameters also of the 401(k) program, and the thrift savings plan is what we call our sort of 401(k) for all Federal Government employees; I included that language by reference in my bill so if an individ-

ual—so Social Security Administration would go out and find reliable investors, and if the individual worker could choose what percentage of their investment they wanted in indexed stocks, how much they wanted in index bonds, how much they wanted in Treasury bills, a certain percentage in mutual funds.

Look the American people need to be able to invest their own money, and we need to start reducing taxes today to allow them to invest their own money, and we need to expand IRA's to encourage that investment, with some tax breaks to encourage savings and investment because if we are going to get back to our goals, if we are going to get back to our goals of having an America that is a better place to work and to live and to raise our families, then we are going to have to make some changes. Investments in tool and machinery, that capital investment is one thing.

And let me just finish up my comments by saying what I think the importance of the human investment is, the human investment in education. The President this year suggested we spend another \$50 billion of Federal Government money on education. But you know what I think is the most important thing we can do for education? It is to have a strong family unit where those parents are encouraging those kids to get a good education.

I mean as I talked to teachers and as I talked to youth group leaders, they say the most important thing that can happen is parents that are interested in their kid's education, parents that are interested in their kid's school. So part of the solution to a sound future in this country is going to have to be policies that encourage investment in savings for capital investment on the one hand and policies that encourage the traditional family units so that we can have better educated, better motivated youth on the second hand.

Mr. Speaker, I appreciate this opportunity to talk on this subject. I think that Members of Congress, members of the administration need to take their heads out of the sand, need to start dealing with really some of the very tough issues of Medicare, of Social Security, of annual government overspending, and I would just ask an American that pays taxes to spend a few moments thinking about the absurdity of our tax code in this country.

You know we talk about immigration, we talk about the problems of illegal immigrants coming in, but you know there is about 12,000 immigration employees that the Federal Government has. I think the number is now up to 120,000 IRS employees, 120,000 checking your taxes. Our Tax Code is unfair, it is complicated, the special interests lobbyists have gotten too much favoritism for their clients. I think it is time that we had a new beginning and I think that is what we are going to do. God bless you all.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. WATTS of Oklahoma (at the request of Mr. ARMEY), for today, on account of illness in the family.

Mrs. CARSON (at the request of Mr. GEPHARDT), for today, on account of illness.

Mr. POMEROY (at the request of Mr. GEPHARDT), for today, on account of official business.

Mr. CAPPS (at the request of Mr. GEPHARDT), for today, on account of official business.

SPECIAL ORDERS GRANTED

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

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

Ms. HARMAN, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

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

Mr. UPTON, for 5 minutes, today.

Mr. COBLE, for 5 minutes, today.

Mr. GUTKNECHT, for 5 minutes, today.

Mr. CRAPO, for 5 minutes, today.

Mrs. LINDA SMITH of Washington, for 5 minutes, today.

Mr. DELAY, for 5 minutes, today.

Mr. TAUZIN, for 5 minutes, today.

Mr. BARTON of Texas, for 5 minutes, today.

Mr. SMITH of Michigan, for 5 minutes, each day on April 15 and 16.

(The following Members (at their own request) to revise and extend their remarks and include extraneous material:)

Mr. FOLEY, for 5 minutes, today.

Mr. WOLF, for 5 minutes, today.

Mr. SCARBOROUGH, for 5 minutes, today.

Mr. ROHRBACHER, for 5 minutes, today.

Mr. DAN SCHAEFER of Colorado, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

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

Mr. POSHARD.

Mr. ALLEN.

Mr. BECERRA.

Ms. PELOSI.

Mrs. KENNELLY of Connecticut.

Mr. SCHUMER.

Mr. BARCIA.

Mr. STUPAK.

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