

Mr. Speaker, when we take time to invest ourselves, we set an example that pays more than money could buy.

Third, we put together with that a partnership. We here in Congress are looking at issues affecting school construction. We are looking at issues affecting the reduction of class size. We are looking at issues that will affect private business being able to donate computers and being able to get tax deductions for doing that, much like they can for other charities and other organizations now.

So the question is, will we be willing to work together in that partnership? I know it is a challenge for us here in Congress, but it is a challenge that we are well up to and that we can do on both sides of the aisle.

Mr. Speaker, I know that Robin Cooke once wrote that, "Education is more than a luxury, it is a responsibility that society owes itself." Education is something we cannot just leave up to one group or one organization and expect them to handle it for us. It is an investment that has to come from the heart and from the hands and from the heads of all of us putting ourselves into the educational process to work together to strengthen the foundation of the future of this society.

Mr. ETHERIDGE. Mr. Speaker, I thank the gentleman from North Carolina for his comments, and certainly education is that critical lynchpin that fuels our economy, gives us opportunity, and the reason we are the kind of society we are to reach out and help the people around the world.

Any of us that travel any places know how people admire Americans, and part of it is because we have a system that says everyone who shows up will have an equal opportunity.

Today we have talked about a number of issues of the Family First agenda of education, and one of them being the lynchpin of school construction. Too many times when people want to talk about education, they fail to talk as our colleagues have today and have reminded us, that the teacher is the heart of that issue and the students are why we are there.

But the truth is, if we ask teachers what is most important to them in having the opportunity to teach children, it is not always salary first. Recognizing that certainly they pay the same for food or shelter as we do, but they need a good environment to teach, and children should have a good place to learn.

Also, they need the latest in technology, simply because the young people that leave those classrooms are going to be coming into the workforce. And if anyone wonders why business has stepped up and decided that education is the most important issue on their agenda besides making a profit, all we need to do is look at our public schools. They are going to be employing these young people; and, secondly, they are also going to be their consuming public.

Finally, as we talk about the staff shortage we are going to be facing, we are going to be facing some, we have to recognize if we are going to keep some of these people longer than the years after their retirement, we have to make sure that we change our retirement policies for them and make sure that their employment opportunities are where they ought to be, and they get the ample training to make sure that they can deal with our young people.

Mr. Speaker, I yield to the gentleman from North Carolina for a comment.

□ 1530

Mr. MCINTYRE. Mr. Speaker, I just wanted to say two other things briefly. We in the Congress can also support our local school districts where we have military bases. As a member of the Committee on Armed Services, I hope that we will challenge ourselves to support impact aid for direct appropriations to school districts with military children.

Secondly, I hope all of my colleagues will do something that we did, and that is host an education summit in your district. I have held two over the last 2 years. We even had the U.S. Secretary of Education come down. Listen to the parents and the children themselves talk about their needs, and that way we will know that what we are doing is making a difference back home.

Mr. ETHERIDGE. Mr. Speaker, let me close by saying thank you for this opportunity to share with you, with our colleagues and with the American people hopefully an issue that is so critical to the future of this country, educating our young people, providing a rich opportunity for each one of them, making sure that we have teachers in front of those classrooms who are well trained, who are well equipped, and they have an environment in which to teach effectively, and for children to have a place to learn the way they should learn in this place we call America for the 21st century.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 707, DISASTER MITIGATION AND COST REDUCTION ACT OF 1999

Mr. DREIER (during the Special Order of Mr. COBURN), from the Committee on Rules submitted a privileged report (Rept. No. 106-41) on the resolution (H. Res. 91) providing for consideration of the bill (H.R. 707) to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to authorize a program for predisaster mitigation, to streamline the administration of disaster relief, to control the Federal costs of disaster assistance, and for other purposes, which was referred to the House Calendar and ordered to be printed.

SURPLUS SHOULD GO TO SOCIAL SECURITY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Oklahoma (Mr. COBURN) is recognized for 60 minutes.

Mr. COBURN. Mr. Speaker, I found the previous hour very enlightening. Many of the things that I heard I absolutely agree with.

But the subject I came to talk about today is something that oftentimes is overlooked by the American public, and that is the fact that one hears in the press and one hears on this floor all the time that we have a surplus, that there is a surplus of money in the Federal Government today. I am here to tell my colleagues that that is not true. There is not a surplus in the Federal Government today. In fact, the monies that are shown in surplus actually belong to the Social Security system, the retirement system.

What I have before me is a graph that shows my colleagues actually what is happening right now and what is projected to happen with Social Security monies. This chart, my colleagues will see, is from the Social Security Trustee's report, and it was issued this last year.

If my colleagues will notice, what they see is somewhere around \$70 billion to \$75 billion per year actual more money coming in to the Social Security system than we are paying out. That is, everybody that is working in this country is paying a FICA tax, and everybody that they work for is paying a portion of that FICA tax that comes to the Federal Government. This last year, it was about \$480 billion that everyone who worked in this country paid in.

When you look at this graph, what actually happened is we paid out somewhat less than that to the seniors who are presently on Social Security. What we have before us in Washington today is a shell game.

How do we confuse people about what is going on with Social Security? When I talk to seniors in my district, as a matter of fact, when I talk to seniors anywhere, I have not found anybody that wants that money spent for anything except Social Security.

We continue to play a shell game by not being truthful with the American public. What one will see is, when we get to the year 2013, this surplus of money that is paid in versus the money that is paid out on Social Security starts running a deficit.

As we can see, with the baby boomers, of which I am one, by the year 2030, the Federal Government is going to have to come up with some \$750 billion a year to fund the Social Security program.

All right. So we have a problem that is coming to us. The first thing I was taught by my father as a young boy is that a half truth is a whole lie. The half truth is that there is a surplus. Yeah, there is more money in Washington than what we are spending out. But

it does not belong to the Congress to spend any way it wants to. It belongs to the Social Security system.

What is going to happen if we continue with this half truth-whole lie is that the children that are going to be 30 years of age, that are going to be born this next year, are going to have a FICA tax rate of 28 percent instead of 12 percent.

That means that if we made \$100,000, \$28,000, not income tax but payroll tax, will have to go just to keep even to fund the Social Security system in this country.

So before we can ever begin to hope to solve the Social Security problem, we have to be honest about what it really is. What it really is is the surpluses that were seen last year and the surplus that we are going to see this year is made up entirely of Social Security money.

The next diagram shows you what actually happens to Social Security money. Right now, the Federal Government uses excess Social Security to pay for more spending or to pay off the debt.

Last year, we did retire some external debt. We borrowed Social Security money. We gave them a note that bears interest. We used that money to pay off people outside of our government, outside of our Nation, who have loaned us money to run at a deficit. We are paying that off. So we are putting in IOUs, credited to the Trust Fund.

It is important to note that, last year, we took \$26 billion of the Social Security Trust Fund and spent it on non-Social Security programs, which stole \$26 billion of the seniors' Social Security money and spent it on other programs.

That is why it is so interesting to hear that we have to spend all this additional money on education where, in fact, if the Congress would live up to its obligations that it made in 1973 on IDEA that we would fund 40 percent of the cost of the special ed in this country, we would free up billions of dollars in local monies to be spent on education, and we would not have to have a Federal program to build schools, because the schools would have the money to build it, because we have not kept up our end of the bargain.

So what is going to happen in 2013, we are going to spend more money than what comes in. We are going to have to either go borrow money, or we are going to raise taxes. It is real simple. Actually, we are going to do one of three things, and let me show my colleagues what that is.

So how do we solve the Social Security program? How do we solve this problem so that the money that goes into Social Security is used for Social Security? How do we solve it so that the people who are working today can have a retirement benefit that is supposed to be guaranteed to them?

As they poll young people under 35 and they ask them, 'Do you believe that you will get Social Security

money, or do you believe that there are UFOs out there,' more people believe there are UFOs flying around than believe they will see their Social Security money. That is a condemnation on Congress that we have let down the American people.

So what are our options? Save the hundred percent of the Social Security surplus and transition it into some instrument that earns more money, one. What we can do is repay the money taken by the fund by raising taxes, and that is exactly what I outlined, that we are going to have a 28 percent effective FICA tax by the year 2015 to pay to meet the obligations that we have committed to under Social Security.

Or, finally, we can do all sorts of things to Social Security. We can back up on our agreement to Social Security. We can raise the age at which it is available. Nobody wants that. Or we can lessen the benefits.

Our seniors now can hardly get by on the Social Security money that they are receiving. So option three is not any good. Option two, all it does is transfer our lack of physical control, our lack of ability to do what we were sent up here to do, and sends it to our grandchildren.

As I talked to seniors, three things come to their mind. They do not want the Social Security money spent on anything but Social Security. Number two, they want the debt paid down. Number three, they do not want to saddle their grandchildren with the excesses of our inability to do what we were sent up here to do.

So let me draw you a comparison.

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

Mr. COBURN. I am happy to yield to the gentleman from South Carolina (Mr. SANFORD).

Mr. SANFORD. Mr. Speaker, before the gentleman goes on, I see this next chart up on spending, but for one second I would like to go back to that first chart that he was holding up on the surpluses or lack thereof themselves. Because what I think is interesting about that chart is that, while we may not get it in Washington, folks back home in Oklahoma or folks back home in South Carolina or folks back home across this country really understand this chart; and that is, Washington says we are running a surplus. Yet, when I talk to folks back home, what they tell me is, if we went down the street and there was someone living on our street that had to borrow against their pension fund reserves or retirement reserves to put gas in the car or food on the table or rent money down, we would say that family was not running a surplus.

In the business world, if we actually borrowed against our pension fund reserves to pay for the current operations of the company, we would go to jail based on Federal law.

Mr. COBURN. Mr. Speaker, that is right.

Mr. SANFORD. Mr. Speaker, what I think the gentleman from Oklahoma is

pointing out here is something that really the American public is way ahead of us on. Unfortunately, he is exactly right in that this is beginning to show itself in the confidence that people have in government.

Because I do not know if my colleagues have seen the Roper poll, but there was a Roper poll. It has been commissioned every single year, basically, for the last 30 years. In that poll, back in 1963, they basically said to the American public, "Do you have confidence that people in Washington, that your government, will make the right decision?" And 73 percent of Americans said, "Yes, we believe that Washington, our government, will make that right decision."

That poll, when it was taken last year, what people found was that 19 percent of Americans thought that Washington would make the right decision. That is reflected in the UFO poll that the gentleman mentioned.

I saw some other crazy questions that were asked in a recent poll. One of the questions was, "Which of the following is more likely to happen: You collect all the Social Security money that you are entitled to, or a pro wrestler is elected President?" Believe it or not, more people thought that the pro wrestler would be elected President.

Another one was, "If you had \$1,000 to bet on the Superbowl or \$1,000 to pay into the Social Security system, which one would give you a better return on your money?" Again, I think this is horrible, but more people believed in the Superbowl bet than the Social Security bet.

Mr. COBURN. Mr. Speaker, reclaiming my time, let me interject something, because the American public does not know this. The actual rate of return, real dollar rate of return on one's money that one puts into Social Security over the last 30 years has been less than 1 percent per year. It has been six-tenths of 1 percent. Well, one could loan the money to one's grandkids at 2 percent and do three times better than what the Federal Government has done with one's Social Security money.

Mr. SANFORD. Mr. Speaker, if the gentleman will yield, what I think is interesting about that is that is not a fault of the designers of Social Security. In other words, back in 1935, when they created this system, I mean nobody could have anticipated that a baby boom generation was coming our way.

So I think that they did create a great system. It did a lot of good for my mother, for my grandmother. But the question now is, because of what has been going on here, in other words, because of the way Washington has been borrowing against these Trust Fund balances, we have a real problem. The question that the gentleman correctly raises is, what are we going to do to protect those balances?

Last year, when Washington borrowed \$101.3 billion from the Social Security Trust Fund, they did it without

people making a lot of noise back home. A lot of people did not realize that, one, the money had been borrowed, or those that did, it did not feel that real. It did not feel like it was out of their pocket.

But if that same money was housed in individual accounts, and I do not mean laissez faire, good luck, hope-you-make-it-when-you-retire kind of accounts, but accounts with a lot of controls, just as all Federal workers have, for instance, with the Thrift Savings Program, if we had those controls in place and people got a monthly statement and they knew to the penny how much was in their Social Security account, and then Washington came up \$100 billion short, and they said, "Well, let us see, Mr. COBURN, your pro rata share of that will be \$734.53. Would you mind cutting a check and sending it to Washington?" people would go berserk.

So I think that, as Alan Greenspan, chairman of the Federal Reserve, very correctly pointed out, we need to create a real firewall that protects basically people, Social Security money from the political forces in Washington.

□ 1545

Mr. COBURN. Let me add one other thing. The Social Security System, as designed, was a good system. We had a lot of people working to pay for very few people getting benefits.

We have two Members here that are term-limited that are talking about this issue. We are citizen legislators. We are both in our last term. We have been here 4 years. These are our last 2 years. One of the things that has happened is this body, because of politics rather than because of American spirit, has promised things for votes without asking the taxpayers to pay for it. So we have seen a lot of expansions in Social Security, which are not bad, but they did not have the political courage to say, if we spend more, we have to pay for it. So, therefore, the system's expenditures went up without a concomitant increase in the revenues to pay for it.

So now we have two problems: We have, one, the population shift with the baby boomers; but we also have the lack of true integrity by the Congress to pay for the things that they pass on as a benefit. So the way to get re-elected is to send the pork back home, tell people that we are doing something for them, but their grandchildren and their great grandchildren are going to be hassled, and their standard of living is going to be markedly decreased because we did not have the courage to say, if we are going to do something, we have to pay for it.

This gets me to the next slide: why we have to control spending. This is the Federal budget, excluding Social Security. These are the real numbers. This is no hokeypokey. There is nothing other than CBO numbers here and OMB numbers. President Clinton's budget and the actual CBO projections.

What we see here is if we do not restrain spending, then we are going to continue to spend more and more and more of the Social Security money on programs that are not related to Social Security.

Now, I happen to believe that this year or early next year we will run what is called a true surplus. That is, we will have more money coming into the government than we spend, excluding Social Security. The CBO budget projects that somewhere between 2000 and 2001. That is this green line. But if we follow what President Clinton wants to do, he wants to spend 38 percent, and, actually, it is more than that, it is about 45 percent in the next 5 years, of the Social Security surplus on new programs.

Now, I come from a district that is a Democrat district. I am a Republican, but my district is 75 percent registered Democrats. My Democrats, my constituents, do not want that money spent. And what will we see as we do this? What happens to the national debt? The national debt goes up. What is it that our children are going to have to pay back? They are going to have to pay back the national debt. Under President Clinton's program he is going to raise the national debt hundreds of billions of dollars. The total debt.

Now, sure, he is going to shift some of it, but at the end of this last year, when we went through, and even though we spent Social Security money and we paid off some external debt, our national debt actually increased \$22 billion. Now, what is the reason for that? We passed spending proposals that were off budget. Emergency supplementals.

Whenever we hear those words, "emergency supplemental", what that means is our grandchildren are getting ready to get it. Because it is not going to be paid for, except in rare instances. This Congress, since 1994, has offset two of those, but the vast majority have not been offset, so they will end up paying for that. And the next year, that money that was spent comes in to raise the baseline of spending for that year.

So the reason the national debt went up \$22 billion, even though we retired external debt, is because we borrowed more than what we showed on the books. There was another \$22 billion that was spent that we were not honest with the American public about who was going to pay for it. And it is our grandchildren.

I have two little grandchildren, a 3-year-old and a 1-year-old, and the last thing I want to do is leave them a legacy where they have an income tax rate of 30 percent and a working tax rate, a FICA tax rate, of 25 percent, and that their standard of living is going to be markedly lower than ours.

What is the answer to that? Let me just finish this point. The answer is the Federal Government is not efficient. I have asked about that around this

country and nobody says, yes, the Federal Government is efficient. Well, if it is not efficient, why do we not cut spending within the Federal Government to make it efficient so that we will not spend Social Security money?

The education dollars that the gentleman from North Carolina (Mr. ETHERIDGE) wants to spend, and which we need to invest in education, I do not think we will find anybody that disagrees with that, we can find that money through the inefficiencies of the Federal Government.

One last example. If this country were to go to war tomorrow, we would all, as a Nation, hunker down and say, we have an emergency, we can do things better, we can do things more efficiently, we can do things in a way that costs less.

We have an emergency right now equal to any world war we would go to, and that emergency is we are taking away the opportunity, we are taking away the future of our grandchildren by not having the courage to stand up and cut the spending where it does not need to be spent and spend the money where it does need to be spent.

Mr. SANFORD. On that point, I think it is interesting that Economist magazine, which is certainly well regarded, ran an article in the last 2 weeks called "Counting Your Chickens Before They're Hatched", and what the article talked about are the projected surpluses that are supposed to one day materialize and yet how maybe that might not happen. And, therefore, if we commit it to other forms of government spending, in other words, these projected surpluses, if we commit them to different forms of spending, we are kind of locked into a situation that could cause us to leave this place running big massive deficits.

Larry Lindsey, who was a member of the Fed, wrote an interesting piece about 6 months ago breaking out the revenue stream to the Federal Government. In other words, the taxes that are sent in by Americans across this country up to Washington. His argument was that a large part of this job of balancing the budget has, as the gentleman correctly pointed out, not been done by folks in Washington by actually cutting spending but it has really been done on the shoulders of working Americans.

Because what had happened is the historic average, basically since the time of World War II, in other words, government's take as a percentage of all the activity in America, what they call GDP, has been about 20 percent. We have been basically at or slightly below that number. Well, right now we are at a post-World War II high in terms of Washington's take as a percentage of the collective activity of working Americans. And if we actually really break out the number, what we see is a large part of that income stream to the Federal Government is due to capital gains income and it is due to bonus income. It is tied to this bull market.

Well, most certainly, at some point, this market is going to cool off. And Mr. Lindsey's argument was that when it does so, all of a sudden, since it is income tax that is solving the problem rather than spending cuts, it is going to cause us to run big deficits again. So the importance of what the gentleman is stressing here, which is actually keeping a lid on government spending, I do not think can be overemphasized. Because here we have a member of the Fed saying how important this is, which is exactly what the gentleman is saying right now.

Mr. COBURN. I think what is important for everyone to understand is all of this red in the President's budget comes from social security taxes. Every bit of it. And what he has said is that we are only going to spend 38 percent of social security taxes on something else, rather than we are going to take Social Security and put that money in Social Security and have the fiscal discipline to control the spending in the Federal Government.

Mr. SANFORD. And could I add on that point? I do not know if the gentleman has looked at the analytical perspectives within this year's budget, but there are assumptions that could make those red numbers, frankly, a lot bigger. Because one of the assumptions built into the Social Security plan is that domestic discretionary, which is basically every other spending outside of Medicare and interest and Social Security, is going to go dramatically down.

Right now it is about 7 percent of GDP, again, the collective activity of all working Americans, and what they assume is that it goes down to 3 percent. Now, they had to assume that, because to keep the amount of money going into Washington within historic bounds, which is about this 20 percent number, and given the fact we have 70 million baby boomers starting to retire around 2012, and we know entitlement spending is going to go up, to keep it within that realm of reasonableness, they had to shrink the other number.

I think that is a crazy assumption. Because what it means is if all of a sudden Congress does not get real tough in this other area of government spending called domestic discretionary, what that means is a tax cut down the road, which goes straight back to the gentleman's grandkids.

Mr. COBURN. Absolutely. There is another thing which is important to note. And this is not a method to try to beat up on the President's budget. That is not my point. My point is to draw a contrast. Even within this, there is \$50 billion worth of tax increases, in fees and licensing fees and tax changes. So that if, in fact, the \$50 billion in tax increases were not added, we would be stealing \$75 billion or \$80 billion from the Social Security based on the spending.

The Congress agreed with the President in 1997 that we would have 5-year budget caps that were locked into law.

It was an agreement. Last year the omnibus reconciliation package broke that agreement. The President signed it, this House signed it. Neither of these two gentlemen that are talking today agreed with that. We did not vote for that bill. The point being, as we start the 2000 budget, with the administration's budget, they break the spending caps by \$30 billion.

So we have to get back to this idea that we have to restrain spending. The fact is there are lots of programs within the Federal Government that are ineffective, that have not been looked at, that do not accomplish what they were set out to do, that have not had an oversight hearing to make sure they do that. The Congress has failed to do its job for the last 20 years in terms of oversight. There have been very few programs that have been started that have ended, number one; and there have been even many more of those that have been started that we have never looked at to see if they were accomplishing the very goal we set out to accomplish.

So if, in fact, we can constrain spending, by the year 2001 we will have a real surplus, and then we can decide what we do with that real surplus. Do we pay down the debt, as most of the seniors in my district want us to do? Do we give some money back to people who are working poor and working? Because they are having trouble making it now. Do we give some of this money back to them? Do we expand selectively some of the government programs?

Our goal should be to let us not spend anything until we are in this stage. We are spending money we do not have now and we are stealing from the Social Security System.

I see the gentleman from Michigan (Mr. HOEKSTRA) is here. Would he like to jump in on this?

Mr. HOEKSTRA. Well, I just wanted to thank my colleagues, number one, for doing the special order and for, number two, inviting me to participate in this process.

I am part of the Committee on the Budget, and as we enter the next couple of weeks the decisions that we make are going to be critical. Do we stay within the spending caps, the agreed-upon level that a couple of years ago we said we can live within this; that we can get done what we want to get done in Washington if we spend at this level?

I know a couple of years ago some of us had a very difficult time voting for those spending caps because we thought it was too much money. We said we need to get to a surplus quicker and we ought to rein that spending in a little. But as part of a bipartisan compromise, the President coming to the table, our colleagues on the other side coming to the table, we said, all right, we will give, we will let us have a little more spending. And now we get to 1999, the economy has been good, Washington has been collecting more

in taxes than what we expected we would, and the first inclination here in Washington is, times are good, let us spend it.

Mr. COBURN. Show me the money.

Mr. HOEKSTRA. Show me the money, and out the door it goes. Again, we have kind of set the priorities in the wrong place, because we have said the first place the money goes is to us, this generation, this generation of citizens and this government in Washington. And, really, what we ought to be doing is we ought to be taking care of the sins of the Congresses in the 1980s who built up this \$5.5 trillion debt. We ought to take care of those sins and start paying down the debt.

I agree with the gentlemen. In my district people are saying, nobody is talking about paying down the debt. They say we are talking about reducing taxes, we are talking about more spending, but nobody is talking about paying down the debt. We ought to take care of the sins of the 1980s and start paying down the debt. And when we do that, that is good for seniors, because we strengthen Social Security; and that is good for our kids, because it takes this \$5.5 trillion debt off their back.

□ 1600

Mr. COBURN. I think again, just to reemphasize the point, first, if we do not put all the Social Security money into Social Security, one, if we do not address the problems with Social Security, we are going to see at least \$800 billion per year in increased taxes on working Americans just to pay for Social Security. That does not have factored into it any inflationary spirals that might be higher than what we think they are going to be.

So to get \$800 billion in 2030, \$780 billion in 2029, what do we do? What that means is the constituents in my district, my grandchildren, they are not going to get to do anything except barely eat, barely sleep and have a roof over their head if they want to pay for my generation's Social Security.

So the hard work has to start now. The hard work has to be associated with restraining spending, not necessarily new spending on new programs but paying for it by cutting spending somewhere else that is not effective, rather than spending more of our grandchildren's money.

Mr. SANFORD. I know that the primary focus of our brief visit this afternoon is on government expenditure, it is on truth in advertising, if you want to call it that, because the government has been, I think, disingenuous with the way it has called this a surplus, because this is not what folks at home would call a surplus, it is not what business would call a surplus. But tied to it is this issue of Social Security. There is one point that I think is worth mentioning, because it frankly sounds alluring. As you mentioned earlier, which is not related to reserving the surplus for Social Security but in the

larger context of the Social Security problem, that the trustees, not what I say, not what you say, not what the gentleman from Michigan says but what the trustees have said is that if we do nothing to save Social Security, it is going to have real problems down the line. The choices are fairly limited as we all know. You can cut current benefits, you can raise taxes, or you can grow the assets of the trust fund at a higher rate than they are now growing at.

Mr. COBURN. Let me ask the gentleman a question. If all the money coming into the Federal Government, real surplus plus Social Security, was saved, we still will not have enough money to take care of Social Security, will we?

Mr. SANFORD. Correct.

Mr. COBURN. That is an important point that the President has never mentioned. No matter what the surpluses are in the future, no matter how great they are, saving all Social Security money for Social Security plus all the rest of it will never save enough money to be able to meet the obligations for the babies born from 1942 on. We will never get out of the hole. So something has to happen. I think that is the gentleman's point.

Mr. SANFORD. Of the available choices, I mean, it seems to me that the most reasonable of those three choices would be growing the assets of the trust fund at a higher rate. And then the question simply is, well, do we do that collectively, which is essentially what the President had proposed with investing a portion of the trust fund in equities, or do we do that through individual accounts?

I just think it is worth stressing that in my look at this problem, the idea of an individual account and not a laissez faire, good-luck-grandmom-hope-you-make-it-when-you-retire kind of account, but the idea of a controlled personal account with a lot of different safeguards, just as a janitor here on Capitol Hill would have through the Thrift Savings Plan.

Mr. COBURN. The whole idea is with a guarantee that nobody would ever get less than what they are committed to now in terms of Social Security. There will always be that guarantee there.

Mr. SANFORD. The reason I think that is so important is, more than anything, and this is again what the chairman of the Federal Reserve, Alan Greenspan, said, that you have to create a firewall between political forces in Washington and that money. If there is not a firewall, most certainly the money will be borrowed against, which is what has been happening over the last 30 years, to fund other areas of government. So if you are going to create that firewall, again I come down on the side of individual accounts, not only because of the firewall but also because of the way this place works.

It is interesting, it sounds enticing, let us invest collectively, we will get

the higher return and we will take risk out, but by leaving it there, it leaves Washington's hands in it and that means a couple of things. It means, one, I do not think you can serve two masters. Microsoft stock, for instance, last December, not this December but the December before, between December 18 and December 23 dropped by about 14 percent. It did so when the Justice Department announced that they were bringing suit against Microsoft. If the Federal Government was invested in Microsoft through the form of the Social Security trust fund, then all of a sudden you are going to have AARP calling you up, their representatives saying, "Wait, don't bring up that suit because my trust fund money is in that." In other words, it is very difficult in Washington to serve two masters. I think we ought to think about that. For that matter it is very difficult in Washington to serve one master.

The gentleman from California (Mr. WAXMAN) to his credit cares passionately about the issue of tobacco smoking. I cannot imagine him disappearing and not caring what the trust fund was invested in because he cares about the issue. The gentleman from New Jersey (Mr. SMITH) from the Republican side cares passionately about the issue of abortion. I cannot imagine him sitting idly by while the trust fund was invested in a pharmaceutical company that had a pill related to abortion. In other words, from all sides there would be political influence in the trust fund. What I think you have to look at in a trust fund is how are you going to get the highest return so that one can enjoy the best return.

Mr. COBURN. Let me just summarize, if I can. The whole purpose of talking to the American public about this is it is called daylight. Knowledge is powerful. The more Americans know that we are actually taking Social Security money and spending it on something other than Social Security, the more reaction that we are going to get to say, "Don't do it." Because we know not to do it, but the tendency in Washington is to spend money, not conserve your money. The tendency is to think in the short term, not the long term. I want us thinking about our grandchildren, and I want us to ensure that we live up to every commitment that we have made to seniors. We can only do that if we are honest about the problem that faces us. To be dishonest will compound the problem for another generation past this one.

Any fix that is going to happen on Social Security cannot be a short-term fix. It has to be a long-term fix. And it has to recognize the reality which is the government cannot continue to take 22 percent of the gross domestic product without holding down growth, holding down opportunity, holding down job creation and holding down capital investment.

Mr. HOEKSTRA. If the gentleman will yield, I think the other thing that

we have to take a look at is now is a wonderful window of opportunity. Much like we did a couple of years ago when we did the balanced budget agreement, we can and we found common ground, we did it with welfare and when we found the common ground, we were able to move forward and 3 years later we are finding out that those programs have been very successful. When we worked to cut spending, when we worked to do the budget agreement, we said we can get to a surplus by 2002. Under those rules, we were there in 1998. Now I think we can apply that same kind of creativity in a much different environment because we have made so much progress on spending, we can take that creativity and apply it to Social Security and I think the values and the principles that the gentleman was articulating are exactly what we want to do. We want to make sure that we don't impact seniors' benefits. We want to really restore the integrity of Social Security for 50 to 75 years. We want to make real progress on those issues.

The other thing that we know that we can do is that we can make a lot of other progress. The interesting thing is we get to a surplus, is that we forget about the \$1.6 trillion that we are currently spending and we naturally assume that all that money is being spent wisely. Today in the Education Committee we marked up what we call an ed flex bill which is going to allow the States a much greater degree of flexibility. Why? Because when they get involved in reporting back to Washington from a State or a local level every dollar that we collect in taxes for education, only 65 cents of it reaches a child. And that if we apply the same kind of creativity to that \$1.6 trillion that we are spending today, we open up all kinds of opportunities to better educate our kids so that no child will be left behind, that we then would have room for Social Security, to save Social Security, and then if we really are serious about taking a look at that \$1.6 trillion that we are spending today, we would also have room for tax cuts, by saying we can get the same impact for education.

We took, and my colleagues are both familiar with this, on Education at the Crossroads, 39 different agencies administering something like 700 programs, losing 35 cents of every education dollar to bureaucracy, not to educating children. Just think about changing that process and focusing on the kids. We can get 35 percent more Federal money into the classroom just by taking a look at the process here and saying, it is not the process that is important, it is not the bureaucracy that is important, it is our kids that are important and we are going to get there.

This is really a wonderful era right now that we ought to grasp and we ought to take a look at every issue. We ought to save Social Security, but we cannot forget about going back and

taking a look at the \$1.6, \$1.7 trillion that we spend each and every year.

Mr. COBURN. I think the other point that the Education at a Crossroads made to me is not all our problems in education are going to be solved by money. I have a daughter who is not teaching now, she is fortunate enough to be able to be home raising her children. But what she told me was two things about education. One is, is I got to spend about a third of my time filling out paperwork for the bureaucracy. The second thing is I do not have the tools to control the discipline in my classroom.

So it does not matter how much money we spend, if we do not fix those two problems where teachers can teach, then we are not going to solve the problem. It is easy to get a vote from a constituent saying I am spending a lot of money on education. It is very difficult to talk about what the real problem is, because it requires us to change. It requires all of us to participate and do something.

I just wanted to make one other thing. I am into my sixth decade. I proudly have joined an organization called AARP. I did that not because they necessarily represent all my viewpoints but I wanted to be able to have input as we say this, I am interested in getting my Social Security. I am a baby boomer. I have an investment in my retirement. Since I am not going to have a retirement from Congress, I am going to want my Social Security money. So to me it is important that we create the truthful paradigm that we are trying to make sure the American public knows today about where the Social Security money is, where it is going and how big the problem is for the future.

Mr. SANFORD. I would follow up with, as we look at ways of doing that, I think it is very important that we focus on the big problem. At times in Washington, we get so caught up in actuarial balance of the trust fund and it will extend it from 2030 to 2035 and 2030 to 2045, all kinds of strange numbers focused only on the trust fund but not really focused on the big picture. The big picture to me would be that Roosevelt when he and others designed this system, the promise was we will create a system that creates for you a better lifetime in retirement. In this whole debate, I think we ought to keep focused on not just actuarial balance of trust funds, because we can do that. We can do that by cutting benefits a little bit, raising taxes a little bit. In other words, we can get to actuarial balance in the trust funds fairly easily. Taxes have been raised almost 50 times or benefits cut almost 50 times within the system since it was created. But I think we could do that and still miss the main point. The main point is are we or are we not keeping Roosevelt's promise of a better lifetime in retirement?

As you correctly pointed out, there was a recent UCLA study that showed

for a young person born in 1970, they would have to live 110 years just to get their own Social Security taxes back out. Not even a return on the Social Security but just the taxes themselves back out.

Mr. COBURN. Let us say that in a little plainer words. If you put X amount of dollars into Social Security and you were born in 1970, what that says is you would have to live to be 110 years old until you got that money back. That is not in real dollars, that is in dollars from 1970, which means you would probably have to live to 130 or 140 to get it back in real dollars, not counting earning any interest on the money that you had invested.

Mr. SANFORD. So some of these looks at fixing the problem may fix the trust fund but make it so that somebody has to live 150 years to get their return. That is not the promise of Social Security. What I am hearing from constituents back home is Social Security taxes are the largest tax 73 percent of Americans make. Consequently what they are telling me is for me, it is the largest investment I will make. Therefore, you need to make this stuff count. Because some people say, you need to focus on additional savings outside of the roughly 10 percent of what you earn every day, every week and every month on Social Security. You need to make additional savings. They are saying, "Mark, you can only squeeze but so much blood from a turnip. I am struggling between gas money, rent money, food money, education money. I don't have any other savings. Therefore, I've got to make Social Security count."

So we have got to stay focused not on actuarial balance but on the promise of Social Security which is to make sure it is not a system that guarantees somebody a negative rate of return or a 1 percent rate of return but something higher than that.

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Mr. COBURN. Let me share with my colleagues, as they both know, I practice medicine on Mondays and sometimes on Fridays and on the weekends, and I cannot use the patient's name because I would be breaking a confidence, but I am going to call her Mattie. Mattie, she has diabetes, she has hypertension, she has congestive heart failure. She is getting her Social Security. Her husband recently died. There is no way she can have on today's payment an adequate living to care for her without her children helping her out.

Mr. Speaker, just to fix Social Security we are going to get back to that point, let alone meeting the obligations that we really have for our seniors. So what we are really talking about is getting people back up in the future to meeting what was originally promised and meeting that commitment, but it does not solve all our problems with our seniors.

Mr. Speaker, the government cannot solve all those problems. That is why

family support is so important, and this young lady, she is 86 years old, would not make it if she did not have a family.

Mr. HOEKSTRA. If the gentleman would yield, I think what our colleague has pointed out is the awesome responsibility you have. As my colleagues know, at the Federal level, at the State level and at the local level we are going to working Americans and saying:

The first 40 cents you own of every dollar is ours.

So, Mr. Speaker, we have got an awesome responsibility as to how we spend that money, how we spend it today, and also the commitments and the promises that we make. So, as my colleagues know, we are in many ways making a lot of choices for those people on how their money is going to be spent because we have taken it from them, and we do not give them a choice as to whether they are going to use it for education, for homes, for an investment or for their retirement.

Mr. COBURN. Let me get the gentleman to yield for a minute, if he would. That to me says we certainly do not want to waste this money and that we want that in the green so they will have more of that flexibility. And that is the contrast here. Hundreds of billions of dollars of additional Social Security being spent on non-Social Security money being spent on anything except Social Security, and when we do get to a true surplus, then deciding what we do with it.

Mr. HOEKSTRA. Mr. Speaker, we have the commitment then not only for how we spend the current dollars, the 1.6-1.7 trillion, but then we also have the commitment that our colleague was talking about, the promises that they inherently believe that we have made. I mean, every week they are paying 12-13 percent to Social Security and Medicare, expecting that somewhere along the line they are going to receive a benefit from that. But we know from all the surveys that most young people do not believe they will ever see a penny of it, and that means that we are not really keeping the faith with the people that are paying those taxes today because they do not believe that they will ever get it, that we will ever solve, if the gentleman will fetch that chart back up, as my colleague knows, they do not have a degree of confidence that we are going to take care of that blue part of the chart.

Mr. COBURN. So let me ask the gentleman from Michigan a question. Can we solve the Social Security problem and can we meet the obligations to seniors in this country and can we do that honestly?

Mr. HOEKSTRA. Absolutely.

Mr. COBURN. Absolutely.

Mr. HOEKSTRA. The opportunity is here today to do that.

Mr. COBURN. And that means we have to be honest about what the numbers are. We cannot use this as a political tool to win a political race. We have to be honest. This should be above politics. This should be above, about keeping our commitment to our seniors, and making sure we ensure a future for the working people today, and making sure we ensure the opportunity for our children and grandchildren for tomorrow. I believe we can do that, but it is going to take political courage. It is going to take the courage of statesmen, not politicians, to come up here and do that. The American public is going to have to measure whether or not we did that or not.

Mr. SANFORD. Mr. Speaker, I would say again, and I do not want to go off the subject, which again is rightly focused on honesty in accounting, and that is if we, as my colleagues know, if we have to borrow money to get to run the surplus that we are running, most folks would say we are not running a surplus and therefore it is important to do something about spending. That is the primary thing we are talking about.

But tied to that again is this issue of Social Security, and I think it is so important that when we look at security for Social Security, of the available choices which are cut benefits, raise taxes or grow the investment at a higher rate than we are growing at, that we simply take a page out of the Federal book, if my colleagues want to call it that. Because everybody from a senator to a janitor here on Capitol Hill has the option of going into basically a 401(k) plan, a savings plan, and in that plan they have got a limited number of investment choices. One can have a Treasury fund, a corporate bond fund or an equities fund; and with all that, nobody can put all their eggs in one basket, nobody can go out and say, I have got a hot stock tip from my brother-in-law, and I think I am going to invest my Social Security money in that or, in this case, their thrift savings money in that. Nobody can say, I hear the Singapore derivatives are a hot investment right now; I think I will go into that. It is all very much controlled, and what is interesting about that, as a result, there are no horror stories of janitors on Capital Hill losing everything that they have.

So I think it is important that we look at the idea of putting to work what Einstein called the most powerful force in the universe, and that was this power of compound interest.

As my colleagues know, there was this woman a couple years back, and I do not know if my colleagues remember the story, a woman by the name of Oseola McCarty, and she was from Hattiesburg, Mississippi, and yet she ended up on the front page of the New York Times, not for axe murdering a cousin or a nephew, but for a great reason, and that was she went down to the local university and said, I would like to help out. And she was a woman of very

humble means. She had never made a lot of money over her lifetime. In fact, she had washed clothes over the bulk of her lifetime.

So, therefore, the people at the university figured, yes, she is going to make us a cloth doily or a napkin, maybe something that she has handmade. Instead, she strokes them a check for about \$100,000. They are flabbergasted, and the reporter there from the New York Times is asking:

How in the world did you do this?

And she says:

Well, I just put a little bit away over a long period of time.

Mr. Speaker, that power of compound interest is something that we ought to take advantage of when we look at cures for Social Security.

Mr. HOEKSTRA. If the gentleman would yield, I think, and also as we take a look at it, I do not think there are any proposals here that are saying take all of the Social Security money and do that with all of the Social Security funds. It is most of the proposals, if not all of them, are very modest proposals to take advantage of the exact benefit that the gentleman is talking about, and they all have structured in them protections for the individuals who will be on Social Security so that they will not get less money than what they get today but will have the opportunity to earn higher returns and have a higher payout when they get to be 65 or 67.

Mr. SANFORD. And, most significantly, I think they would keep in place the safety. The key issue with Social Security is safety of Social Security. If we were to draw a financial pyramid, the safest investments ought to be there at the foundation, if my colleagues will, of the investment, and Social Security is that foundation.

So I think the most important thing is the safety, and I go again straight back to what Alan Greenspan, Chairman of the Federal Reserve, said:

If we leave the money in Washington, political forces will probably find a way to get their hands on that money, which is what has been happening for the last 30 years.

Mr. HOEKSTRA. If the gentleman would yield, I just want to make one point that I do every time.

I have had a lot of meetings with seniors in my district because I wanted to start with seniors because I want to make it very clear to them that what we are talking about. We are not talking about, if you are getting a Social Security check today, we are not talking about changing their system. As my colleagues know, they are not going to next month or next year get a letter saying, you know, you have got this money and you have to figure out how to invest it in these kinds of things. No. If they are on Social Security and they are getting a check today, we are not messing with that.

What we are doing is we are talking about how we are going to save Social Security for our kids and for our

grandkids, and it will be a transition process. It is not going to affect you. It is probably not even going to affect people who are 60 years old today. It is going to affect the people who are younger than that who are going to have time to understand any changes, will be a dialogue with them. We will process through these types of changes, and we will not jeopardize their Social Security either. But for the people who are getting a check today, it is not going to change.

Mr. COBURN. We are about to run out of time. I just want to leave the American public with something that Martin Luther King said in his last speech at the National Cathedral. He said that cowardice asks the question, is it expedient? And we have seen a lot of expediency in this body through the years. And he said vanity asks the question, is it popular? And we have seen a lot of things done because they are popular but not necessarily good for the Social Security system or not good for the future of our children. But he said conscience asks the question, is it the right thing to do?

The debate this year about the budget and about Social Security cannot be based on expediency, cannot be based on popularity. It has to be based on what is right and best for all three generations concerned.

I want to thank the gentlemen for sharing this time with me, and I hope we can do it again.

SALUTE TO A. LEON HIGGINBOTHAM

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, this Congress is an honorable place; and our biggest challenge, of course, is to ensure the people's wants and desires are our first priority. In this very historic place have been major debates: the decision to move into World War II, the Korean confrontation, the Vietnam war.

But the mighty issues of the 1960s, post Brown versus Board of Education, and the civil rights marches and the march on Washington in 1963; I might imagine that there were emotional debates around the Civil Rights Act of 1964 and the Voter Rights Act of 1965.

It is fitting in recognizing this honorable place and those enormous challenges that we met that we bring attention to a gentleman who throughout his life played a pivotal role in changing the lives of so many Americans. He was part of that debate, although he was not a Member of the United States Congress. His words, his opinions, his convictions were all interwoven in the success stories of what we ultimately accomplished, those who served in the United States Congress during that time frame.

We lost him last year.

So it is my honor to be able to rise today and salute A. Leon