

Already the Federal Government owns 30 percent of the land in this Nation. State and local governments and quasigovernmental units own another 20 percent, half the land in some type of public ownership.

Also we keep putting more and more restrictions, limitations, rules, regulations, redtape on the land that does remain in private hands. If we keep doing away with private property, we are going to drive up prices for homes and cause much serious damage to our economy. We will hurt the poor and working people the most and those of middle income.

We should not waste the taxpayers money in this way. We should not rip off the taxpayers in this way. \$101 million for property bought for \$2.1 million is more than 4,000 percent higher than what it should be when adjusted for inflation. We should not take money from lower- and middle-income Americans to pay a family almost 50 times what they paid for their property.

Mr. Speaker, \$101 million for property originally bought for \$2.1 million is simply too much. The Baca Ranch purchase will pass this Congress overwhelmingly; but I repeat, Mr. Speaker, this is a colossal rip-off of the taxpayers of this Nation.

#### FEARS OVER CHANGES IN SOCIAL SECURITY SYSTEM PROPOSED BY GOVERNOR BUSH OF TEXAS

The SPEAKER pro tempore (Mr. KING). Under the Speaker's announced policy of January 6, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, I do not intend to use the entire hour this evening, but I want to take what time I have to discuss my fears, and I stress fears, this evening over the changes in the Social Security system that have been proposed by Governor Bush of Texas.

Mr. Speaker, Social Security has lifted millions of seniors out of poverty. It is, by far, the most successful economic program ever passed by Congress, and the reasons for the success are simple. It offers a guaranteed, and I stress guaranteed, benefit for every American retiree. More than half of all Americans, especially working families, have no retirement savings beyond Social Security.

Without the guaranteed income provided by Social Security, millions of seniors could fall through the cracks left to live out their lives in poverty. Recently, Governor George Bush proposed a Social Security plan that would undermine Social Security, in my opinion, and simultaneously threaten our thriving economy.

By diverting funds from the Social Security Trust Fund to set up individual retirement accounts, as Bush proposed, the plan would hasten the insolvency of the Social Security Trust

Fund. It would also force seniors to question rather than count on their Social Security benefits.

Now, Governor Bush has also proposed a tax cut that would cost an estimated \$1.7 trillion. When combined with the cost of his individual retirement accounts that he has mentioned with regard to Social Security, Governor Bush's plan would spend more than three times the projected surplus over the next 10 years. That money would come directly out of the Social Security Trust Fund, weakening the program even further and leaving little room in the budget for other priorities like a prescription drug benefit for Medicare.

No plan that would endanger the guarantees of Social Security, rob the trust fund, and leave other priorities unfunded can possibly be taken seriously, and that is why I refer to the Bush plan as extremely radical. Democrats have pretty much said that we are going to fight this dangerous ill-conceived proposal, and I think we need to fight it every step of the way.

Mr. Speaker, I want to discuss three of my concerns about the Bush Social Security plan in a little more detail this evening. First of all, I would like to express my concern that ultimately Governor Bush's plan would lead to complete privatization of Social Security. Right now the governor is saying only 2 percent of the money would be invested by individuals in retirement accounts.

But in an Associated Press story on May 17, just a week or so ago, Governor Bush said it was possible workers would eventually be allowed to invest their entire Social Security tax, not just a portion of it.

The Houston Chronicle reported on the same day, and I quote, "Bush on Tuesday said his plan to create private savings accounts could be the first step toward a complete privatization of Social Security."

And I want to stress this: the Social Security program was began under Franklin Roosevelt. The Republican leadership for many years totally opposed it being started, and I think that this is part of a historical trend essentially that what Governor Bush is saying, I do not like a government program, Social Security is a government program. Ultimately, I think it is best if it is privatized completely.

The second concern I have is this question of whether or not there will be a guaranteed income, because that is what Social Security is about to most seniors. They know that when they retire they will have a guaranteed income every month, and a certain amount over the course of the year.

Well, when asked on May 15 whether or not there would be a guaranteed income, basically Governor Bush said this, and this is from the Dallas Morning News of May 15, "maybe or maybe not." Asked whether he envisions a system in which future beneficiaries would receive no less than they would

have under the current system, Mr. Bush said "maybe, maybe not."

Well, what he was essentially admitting was that it was conceivable that a worker taking advantage of these private investment accounts would get a lower guaranteed benefit from Social Security, and we know that that obviously is the case, because it would depend how that worker invested the money since it is an individual decision.

The New York Times reported on May 17, and I quote, "Bush also refused to say how much benefits might be reduced for workers who created private investment accounts. That is all up for discussion," Mr. Bush said.

When I say that this is a radical proposal, it is radical because most Americans think that they are going to have a certain guaranteed income from their Social Security. It is clear that with the private investment accounts and the further privatization that Governor Bush has been talking about, there is no guaranteed income.

The third major concern that I have and would like to focus on in a little more detail this evening is what I call the transition costs, the trillion dollars in transition costs that might not be accounted for or that Bush is really not accounting for. Bush acknowledged in this same Associated Press story that I mentioned on May 17 that he has not fully accounted for the cost of moving from the current Social Security system to his proposed one.

Now, Vice President AL GORE says that the cost of that transition could be something like \$900 billion, almost \$1 trillion. The plan laid out by Governor Bush leaves out the most important factor, and that is the cost. According to a new report published by the Center for Budget and Policy Priorities, Bush's privatization plan would cost \$900 billion over the first 10 years. These costs occur because the Social Security system must simultaneously pay out current benefits while privatization drains over 16 percent of the amount of money coming into the system. That is assuming the 2 percent point diversion that Bush has talked about. If we combine this with the cost of Bush's nearly \$2 trillion tax cut, the Bush plan will leave multitrillion dollar debts as far as the eye can see. This is basically from the Center for Budget and Policy Priorities.

I want to talk a little further about some of the other impacts that Governor Bush's privatization plan with regard to Social Security would have. Here I would like to raise three issues, three impacts, if you will, from this Bush Social Security privatization plan.

First, it would weaken our economy by eliminating our chance to pay down the debt, which we have started to do ever since the surplus occurred. Second, it would place at risk the secure retirement benefit that Social Security provides. Third, and this is something that I think a lot of people have not

thought about but we have to think about, the Bush Social Security privatization plan would force a massive S&L, savings and loan-style bailout if people's investments failed.

Let me talk, Mr. Speaker, in a little more detail about these three impacts from this privatization plan.

First, let me go back to the fact that the Bush plan will eliminate the chance to pay down the debt. This goes back to this \$1 trillion in transition cost that I mentioned before. According to the Center for Budget and Policy Priorities, Bush's privatization plan would cost the \$900 billion I mentioned over 10 years. The reason these costs occur is because the Social Security system has to pay out the current benefits, as I mentioned, while the privatization drains this other 16 percent. But the bottom line is that Bush's own aides acknowledge that these transition costs would siphon away the money that could be used to pay down the debt. Less debt reduction would translate into higher interest payments on the debt over the same 10-year period, which in turn would reduce the budget surplus.

If I could talk about this in a little more detail, I would like to contrast it with what Vice President GORE not only has proposed but what he is doing. Under Mr. GORE's plan, all of the Social Security surplus will go to reducing the national debt held by the public. Some of this is already happening. Some of the debt is actually being paid down now. What GORE is saying, that he would take all of the Social Security surplus and use it essentially to reduce the national debt. There would not be that opportunity with Bush's plan. The money simply would not be there to exercise that option.

As I said, not only Vice President GORE but President Clinton and the administration's deficit and debt reduction that they have already done has already helped the economy and families. Seven years ago, the budget deficit was nearly \$300 billion and growing; and as a result, interest rates were high and growth was slow. By the year 2012, it was projected that 25 cents on every tax dollar would be needed to pay interest on the debt. Because of this administration, the Clinton-Gore administration's commitment to fiscal discipline, deficits have turned into surpluses and the Nation's debt is already \$1.7 trillion lower than it was projected to be this year. Because of the deficit and debt reduction that the Clinton administration has already done, it is estimated the typical family with a home mortgage might be expected to save roughly \$2,000 per year in mortgage payments.

Currently, about 13 cents on every Federal dollar is spent on net interest payments. These payments which were once projected to be nearly double that would be eliminated under AL GORE's plan. With the Government no longer draining resources from capital markets, interest rates are lower and busi-

nesses have more funds for productive investment. Paying off the debt will continue to help fuel investment and productivity growth.

What I am trying to say, Mr. Speaker, is essentially this. Let us continue the policy of paying down the debt because ultimately that makes the economy grow and it saves money that would be available in the long run for Social Security. Let us not go down this risky, radical plan that Governor Bush has proposed where on the one hand he is spending trillions of dollars on tax cuts and on the other hand his transition costs to this privatization plan would use up a significant portion of the surplus as well.

I talked about why my fear about how Bush's privatization plan places retirement funds at risk, but I would like to talk about that a little more in terms of the second point here on potential impacts of this risky Bush plan. For whatever reason, I guess it is because the stock market has done so well in the last 5, 10 years now that people do not even remember that there was a time when it was not doing that well. But the bottom line is that if you have privatization the way Governor Bush proposes, it puts individual retirement security at the whims of the stock market where people can lose.

Throughout its history, Social Security has stood as a guaranteed secure retirement regardless of the fluctuations of the economy or the stock market. Investing these funds in the market means that some or all of that benefit could be lost. There was a GAO report that shows the risk of stock market investments with Social Security. This is from a statement by the associate director of income security issues for the GAO, April 22, 1998.

The GAO report noted that caution is warranted in counting on future stock returns in designing Social Security reform. The report goes on. However, an average over nearly a century obscures the reality that stock returns fluctuate substantially from year to year. Over the past 70 years or so, stock market returns were negative in nearly 1 out of 4 years. There is no guarantee that investing in the stock market even over 2 or 3 decades will yield the long-term average return. The stock market could drop and stay depressed for a prolonged period of time. Of course it has. We know that historically it has stayed depressed for a long period of time.

1900

Interestingly enough, in this same GAO report they point out that the Social Security Trust Fund actually outperformed nominal stock returns 35 percent of the time from 1950 to 1996, over a period of 45 or so years. The 10-year moving average of the S&P 500 underperformed the Social Security Trust Fund's treasury returns at times. A long-term average does not reflect fluctuations in year-to-year stock re-

turns. In fact, nominal stock returns were less than the Social Security Trust Fund's annual yield in 17 years from 1950 to 1996, more than 35 percent of the time, from that same GAO report.

Sometimes I wonder why it is necessary to explain why the stock market is a risky business, because I would think that anybody who looks at the history of the market knows that that is the case, but I guess because the market has done so well in the last few years and the last decade there are people, particularly young people, who feel that it will always do well. But that is simply not true. It is not borne out by the historical facts.

Let me mention the third impact that I would like to discuss in a little more detail this evening, and that is that privatization could result in massive government bailouts. The reason for that is simple, that if the people who take these private investment accounts do not succeed and actually lose money or the stock market goes bad, they are going to come back to the Government and ask the Government to bail them out, because everybody does that, the big corporations do, the savings & loan associations did, and obviously the average person is going to do that if they lose all their money and they cannot make ends meet.

Bush and his advisers have indicated that his privatization plan for Social Security will have no downside risk and the Government will guarantee that future Social Security beneficiaries will receive no less than they would have under the current system. Thus, the risky nature of the stock market could force the Government to bail out Social Security during market downturns or for people who make poor investment choices.

The Governor is saying, Don't worry. If you do these investments with your private accounts, don't worry, because we will make it good if you don't do well. How is he going to do that without a massive bailout, and where is the money going to come from? Ultimately the taxpayers. We would have a major problem.

The other thing is that obviously privatization could make Social Security go insolvent a lot earlier. Plans to divert 2 percentage points of the payroll tax, or 16 percent of the money paid into the Social Security system, into private accounts, could make Social Security go insolvent 14 years sooner than it would if no action were taken at all. Under a 2 percentage point plan, Social Security could go bankrupt by 2023, according to a study again from the Center for Budget and Policy Priorities.

Well, that is common sense. If this money is taken out of the system, then this system will go broke sooner; and that is, again, why it makes no sense to move with this very risky Bush privatization plan.

Now, I want to talk a little bit, if I could, about what Vice President GORE

has proposed and why his plan to shore up Social Security is much preferable to Governor Bush's, and certainly not risky, by any means.

Because of the administration's commitment to fiscal discipline, as I have mentioned, the Nation's debt is already \$1.7 trillion lower than it was projected to be this year. In fact, when the administration took office, by the year 2012 it was projected that 25 cents of every dollar would go to pay the interest on the national debt. That has not happened, because we are now paying down the national debt with the surplus that has been generated.

Vice President GORE is basically saying that he is going to pay off the national debt and help maintain America's prosperity in a number of ways. But what I want to zero in on is how he would dedicate \$2.1 trillion for debt reduction, and this is basically to prepare the Nation for the retiring of the baby-boomers.

He is proposing to use more than 95 percent of the Social Security surplus to pay down the debt, with the idea being, of course, that ultimately that will strengthen the economy and prepare for the fact that so many more senior citizens are going to be retiring as part of this baby-boom generation.

After a decade of debt reduction, GORE transfers the interest savings that come from using the Social Security surplus to buy down the debt to strengthen the solvency of the Social Security program. By 2016, GORE will be adding about \$250 billion annually to strengthen Social Security until at least 2050.

He is investing \$103 billion, less than 5 percent of the surplus, in strengthening Social Security's benefits for older women, because, as we know, poverty among elderly women is a major national challenge. In 1997, poverty among elderly widows was 1 percent, compared to 5 percent for married women. GORE believes that we can and should strengthen benefits for widows and mothers that were penalized for years spent caring for children as part of the plan to extend the solvency of Social Security.

Now, I could talk in more detail about how the Vice President's plan helps older women, but I just want to mention two things, if I could, about that before I conclude this evening. One point is to eliminate the motherhood penalty. The current Social Security formula is based on average earnings over 35 years of work. Because women take several years raising their children, the typical woman only works 27 years. However, those years raising children do not count towards Social Security earnings, effectively creating this motherhood penalty. GORE says that he would eliminate the motherhood penalty by allowing parents to take credit for up to 5 years of earnings, if they take that time to raise children. This would increase Social Security benefits for those women by about \$600 a year.

The second thing that GORE would do to strengthen benefits for women, under current law widows can have their combined benefits cut in half. Living costs such as rent and utilities often do not decrease with the death of a spouse, but then there is a cut in benefits to that widow. In fact, single elderly women are four times as likely to be poor as married women. GORE would fight to raise the widow's benefit to three-quarters of the couple's combined benefit, helping more than 3 million elderly women receive a benefit that reflects their cost of living.

I am not going to go in more detail tonight, but I know over the next few weeks, and certainly after the Memorial Day recess, you are going to see myself and other Democrats come to the floor and constantly talk about our concerns with regard to the Bush privatization Social Security plan, because I really believe it is a radical plan, and I do not think the average American or senior understands what it is all about.

This plan, and this is how I want to conclude this evening, the greatest fault in it is the numbers simply do not add up. I think this goes back, again, to the fact that he has this \$1 trillion tax cut, and then he is taking all this money out of the Social Security system.

If you take the money out of the surplus for tax cuts, and then you put in effect this risky Social Security plan, it just has too much of a drain on the Federal budget. Taken together, the tax cut and Bush's privatization plan essentially would swallow the whole surplus for the next 10 years, and also use a significant portion of the surplus that is dedicated to Social Security.

The combination of those two large \$1 trillion plans and the impact that they would have on the budget would basically not leave any room for other vital priorities. I think, Mr. Speaker, you know that both the Democrats and the Republicans have talked about a Medicare drug benefit. There is no way that there would be any money left in this surplus to pay for a Medicare drug benefit for seniors if we implemented the Bush plan. The money would simply not be there. It just does not add up.

That is not to mention other priorities. Governor Bush has talked about education. Where is the money going to come from to pay for our education priorities, such as money that goes back to the municipalities to pay for extra teachers to bring class size down, or money that would go back to the towns around the country for school construction and renovation? It just does not add up. The money simply is not going to be there.

So that is why I think it is important for me and Democrats, and hopefully Republicans as well, to bring up the truth about this very risky privatization plan that Governor Bush has proposed, because it would not only have a negative impact on Social Security,

but would have a negative impact basically on the economy and the Federal budget, and essentially I think what Americans see today as the reasons for our prosperity.

#### MANAGED CARE REFORM

The SPEAKER pro tempore (Mr. SOUDER). Under the Speaker's announced policy of January 6, 1999, the gentleman from Iowa (Mr. GANSKE) is recognized for 60 minutes as the designee of the majority leader.

Mr. GANSKE. Mr. Speaker, we are going to discuss managed care reform tonight. It is pertinent that we do this. Back in October this House voted 275 to 151 to pass the Norwood-Dingell-Ganske Patient Protection Act. That is in conference now. Things are going very, very slow.

Mr. Speaker, I remember back at the time of the debate that we had on managed care reform, a lot of our colleagues, primarily on the Republican side of the aisle, but some on the Democratic side of the aisle, said, Well, you know, we ought to just let the free market work this out.

I am happy tonight to have join me in this special order my colleague, the gentleman from California (Mr. CAMPBELL), who has worked so hard on this issue. We are going to discuss in some detail his bill, which will come to the floor tomorrow, the Quality Health Care Coalition Act.

I am going to yield to the gentleman to describe his bill, and then we will talk about various aspects of it.

Mr. CAMPBELL. I appreciate the gentleman yielding.

Mr. Speaker, let me just say, I am so proud to have the support of not only a brilliant man and a great colleague, but a medical doctor in the gentleman from Iowa (Mr. GANSKE). All of us here in the House that have dealt with him know that is the case. When he speaks on issues of patient care, he speaks from knowledge and compassion.

Mr. GANSKE. If the gentleman would yield, since we will be dealing with an issue related to antitrust, I very much appreciate the gentleman's expertise on this issue as a former professor of law at Stanford University and somebody well qualified to talk about the legal aspects of this bill which we are going to be talking about.

Mr. CAMPBELL. Mr. Speaker, I thank the gentleman.

Mr. Speaker, in 1914 the Sherman Act was amended to say that the labor of a human being shall not be an article of commerce. The reason it was amended was to make absolutely clear what I think most people would consider common sense, that cement and steel and petroleum are one thing, but what was quite different was when an individual did not know exactly what it was they needed, they had to go to a professional, and the professional exercised her or his judgment, and, in exercising her or his judgment, really the doctor or the professional was making a decision that the client or the patient