

(2) In the case of official travel of members and staff of a subcommittee to hearings, meetings, conferences, facility inspections and investigations involving activities or subject matter under the jurisdiction of such subcommittee to be paid for out of funds allocated to the committee, prior authorization must be obtained from the subcommittee chairman and the full committee chairman. Such prior authorization shall be given by the chairman only upon the representation by the applicable subcommittee chairman in writing setting forth those items enumerated in clause (1).

(3) Within 60 days of the conclusion of any official travel authorized under this rule, there shall be submitted to the committee chairman a written report covering the information gained as a result of the hearing, meeting, conference, facility inspection or investigation attended pursuant to such official travel.

(4) Local currencies owned by the United States shall be made available to the committee and its employees engaged in carrying out their official duties outside the United States, its territories or possessions. No appropriated funds shall be expended for the purpose of defraying expenses of members of the committee or its employees in any country where local currencies are available for this purpose; and the following conditions shall apply with respect to their use of such currencies:

(i) No Member or employee of the committee shall receive or expend local currencies for subsistence in any country at a rate in excess of the maximum per diem rate set forth in applicable Federal law; and

(ii) Each Member or employee of the committee shall make an itemized report to the chairman within 60 days following the completion of travel showing the dates each country was visited, the amount of per diem furnished, the cost of transportation furnished, and any funds expended for any other official purpose, and shall summarize in these categories the total foreign currencies and appropriated funds expended. All such individual reports shall be filed by the chairman with the Committee on House Administration and shall be open to public inspection.

XII. AMENDMENT OF RULES

These rules may be amended by a majority vote of the committee. A proposed change in these rules shall not be considered by the committee as provided in clause 2 of House rule XI, unless written notice of the proposed change has been provided to each committee Member 2 legislative days in advance of the date on which the matter is to be considered. Any such change in the rules of the committee shall be published in the Congressional Record within 30 calendar days after its approval.

□ 1315

PAYING DOWN THE PUBLIC DEBT

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

Mr. SMITH of Michigan. Mr. Speaker, last night we heard a new President talk about some of the priorities of this country and some of the potential problems with the economy which could eventually affect jobs, not only the number of jobs, but the kind of incomes that are offered for those jobs.

To me the important thing is not whether or not we have a tax cut. To me I think the most important thing we can do to strengthen the economy is to hold down the increase in Federal Government spending. We have seen a Federal Government over the years that has ballooned in size, and the political situation is that when Members of Congress, both the House and the Senate, come up with new programs, new spending, take home pork-barrel projects, they end up on television, the front page of papers and it is announced on the radio; and it probably increases their chances of being re-elected.

Mr. Speaker, the problem is having a government growing bigger and bigger, which is bad for the economy when we take more and more money out of worker's pockets and send it to Washington; but the problem is also taking away the empowerment from individuals and sending it to Washington, so Washington ends up with more rules and more governing of your lives and how you live it and take care of your family. I see that moving the question of how big should government be to the top of my personal list.

Now the question is: In a situation now where we have more money coming into government than is currently used or is currently anticipated of being used over the next 10 years, what do we do with those extra dollars.

What happened last year is we increased discretionary spending by approximately 8 percent. The three bills that we finished in December had an increase of almost 14 percent. So government and the tendency for government to get bigger and bigger and control more and more of our lives is very real.

Mr. Speaker, I want to talk about this chart that I have beside me that relates to a lot of talk these days about debt, about paying down the debt. There are three parts to the \$5.7 trillion of total public debt in this country. And the three elements that make up the total of \$5.7 trillion are:

The debt held by the public, \$3.4 trillion. This is the Treasury paper that is loaned out, that is borrowing money for government needs; and so I call it the Wall Street debt.

The other debt is the debt to approximately 119 trust funds, that is about \$1.2 trillion; and the debt to the Social Security trust fund, and that is now \$1.1 trillion.

So when people talk, when Washington talks about paying down the public debt, they are talking about borrowing money from Social Security trust funds and the other trust funds and using those dollars to pay down the debt held by the public.

Let me briefly go through that again. There is extra money coming into Social Security right now, approximately \$150 billion that Social Security taxes will bring in more than is required to send out immediately for Social Security benefits. So what do you do with

that \$150 billion. Mr. Speaker, we have said look, we are going to take those dollars and write out an IOU and we are going to use that to pay down the so-called Wall Street debt, the debt held by the public.

But over the years, what is anticipated is the total debt, the total debt, the total public debt subject to the debt limit under law is not going to go down. All we do is increase the size of the debt to Social Security, increase the size of the debt to the other 118 trust funds that we have, the largest being civil service, veterans, et cetera, and we decrease the amount of debt held by the public. There are some 20- and 30-year bills out here that would be very difficult to bid up and pay down so we are saying now you can only go so far in paying down the public debt.

Mr. Speaker, the question is what do we do with the extra surplus dollars coming out of the Federal Government. The danger is if we leave this money, if you will, on the counter, available for politicians to spend, the tendency is to spend that extra money.

Mr. Speaker, let me give one example of our trying, our effort. In 1997, with the caps on spending that we set in 1997 and we passed into law, passed by this House, passed by the Senate, signed by the President, that we were going to limit how much discretionary funding we spent over the next 5 years; if we had stuck to those spending caps through those years, that level of spending that is going to exist for the next 10 years that were talked about last night, that we talk about in the 10-year budget, that we talk about in the 10-year savings, if we had stuck to those caps that we set for ourselves instead of violating those caps, we would have spending over the next 10 years that is \$1.7 trillion less than what we anticipate for spending because of the new spending levels and the giant increases in spending every year. That could double the tax cut.

One way to help make sure that Washington does not spend that money is to say look, let us set some of this money aside to do nothing except pay down part of that debt held by the public. So even though we borrow some money from Social Security and the other trust funds, at least we do not expand government spending, we use it to pay down the debt held by the public.

Mr. Speaker, the other way is to get some of that money out of town. You would do that by a tax reduction. So can we have the kind of tax reduction that is going to increase fairness, a kind of tax reduction that is going to stimulate the economy during this downswing or at least leveling off of the economy? The answer is absolutely, yes.

There are two ways that we can be significant in helping for this economic recovery in the short term. One is lowering interest rates. Alan Greenspan and the Fed's can do that by issuing a rule on what the discount rate is for interest. That lowers interest for everybody.

The other way is government can start reducing the bidding up of available dollars. In other words, paying down the Federal debt to leave more money available for everybody else. So as you decrease the demand for that money, then interest rates are also going to tend to go down.

Let me show my colleagues this next chart. This is what has happened to the total public debt. The public debt is defined in law as the total debt, public debt, subject to the debt limit that includes what we are borrowing from the trust funds in addition to the Treasury paper, the Treasury notes that we are issuing.

As my colleagues see, we did very well from 1940 to about 1982. In 1982, the debt of this country just expanded by leaps and bounds. And how bad is going into public debt? The reason the debt was increased is because, politically, it is easier to increase borrowing than it is to go out and raise taxes.

So to expand government, a decision was made to increase borrowing. So we substantially increase the borrowing, making it tough for our kids and our grandkids because someday, somehow, somewhere, future generations are going to have to pay back this debt, whether it is an obligation to Social Security, whether it is an obligation to Medicare, or whether it is an obligation to the Treasury bills where government has borrowed money.

The next chart sort of starts relating to a particular interest of mine, and that is Social Security. What do we do about the problem of Social Security when the baby boomers retire. They start retiring 8 years from now, and they go out of the, if you will, the mode of paying in their FICA taxes to support Social Security; and they become recipients as they retire. Social Security is going to start, if you will, going broke, start having to have less dollars coming in in taxes than is needed to pay benefits.

It is estimated by Greenspan and others that the unfunded liability of Social Security right now is \$9 trillion; that we would have to come up with \$9 trillion today to put it in a savings account earning an interest rate of at least 2.2 percent to accommodate keeping our promise to future retirees.

So if we simply continue to borrow Social Security dollars and other trust fund dollars to pay down the debt held by the public, this represents the debt held by the public when the baby boomers retire, and we start needing that money to pay benefits again, then we substantially increase our borrowing to start paying back some of the money. So it is just a temporary downswing and then a giant increase in the debt that will be required if we continue to borrow money in the future.

Back to this chart. So if my colleagues can visualize, if my colleagues can visualize a projection of the increase in debt up till this year, what we are looking at if we borrow money from Social Security and write out an

IOU and then pay back the debt, we would have a downswing. But then it would go dramatically upward to increase the debt of the country.

I am a farmer from Michigan. It has always been the tradition for farmers to try to pay off some of the mortgage, to pay it down so that their kids could have a little better chance. In this body, we are not doing our job. We are increasing the debt. We are increasing the obligation to our kids and our grandkids.

Then let me go over this last chart. The President last night suggested maybe some private investment. A lot of people have said, well, gosh, how can one talk about equity investments when the stock market is so volatile right now? What about the downswings?

This chart that I made up represents what has happened to stock investments in the last 100 years. Some downswings, definitely downswings, up, down, up, down, up, down. But with a long-term investment, there has never been a 12-year period where stocks did not have a positive return.

So if one is going to put some of that money into some kind of an equity investment, then the only way it is reasonable, is if one starts talking to younger workers of America, number one; number two, you say one can have the option. One can have some of this money if one puts it into an IRA type investment for one's retirement.

There is going to be limits on where one can invest that money. It is not going to be a situation where some snake-oil salesman can say, look, put your money with me, and then we will double with it. It is going to be limited investments, such as 401(k)s, such as the Thrift Savings accounts that Federal Government employees have. Probably there is also going to be an obligation that half of it or 40 percent or a certain amount goes into bonds or interest-bearing accounts. So only part of that investment can go into growth funds or equity investments.

I think the important thing to realize is the comparison of the average of 6.7 percent a year return on equities as compared to what you are going to get from Social Security. Right now, if one is an average Social Security recipient retiree, one is getting back 1.7 percent return on the money that one and one's employer paid into Social Security.

So then the logical question is, can we do better than a 1.7 percent return? The answer of course is, if one has checked one's CDs or checked most any savings account or checked the school loans that are tax free, there are a lot of ways that we can do much better than a 1.7 percent return that one is going to get from Social Security.

I have got a chart that I will show my colleagues a little bit later; that the average retiree starting next year is going to have to live 22 years after they retire simply to break even on the money that they have sent into Social Security. Social Security is not a good investment.

Ben Snyder is a page helping me put up these charts. Ben is from Northwestern Pennsylvania. We have a page program. Everybody should know and maybe start applying for a page job. It is very interesting. I think we have got about 80 total pages. They come during their junior year in high school, and they work like heck. They get up, I think, at 5:30 in the morning to accommodate both going to school and working as a page in the United States Congress.

□ 1330

This pie chart represents how we are now spending money. The largest piece of pie, if that is visible, roughly 20 percent, is what is being paid out in Social Security. Social Security is the largest Federal Government expenditure and it is growing. Medicare is growing faster. If we go ahead with prescription drug coverage to add to the cost of Medicare, then we are looking at a Medicare expense that could very easily equal the cost of Social Security within the next 50 years.

We argue in this Chamber a good part of the year over discretionary spending. There are 13 appropriation bills. Twelve of those appropriation bills represent 19 percent. The 13th appropriation bill is defense. Defense, by itself, represents 17 percent. In both cases that is still smaller than what is being paid out in Social Security.

So how do we fix the problem when we know eventually that we are going to run out of tax money coming in for Social Security? One possible recourse is to increase taxes on workers. One possibility is to reduce benefits. I do not think either one of those options is acceptable and should not even be considered.

When Franklin Delano Roosevelt created the Social Security program over 6 decades ago, he wanted it to be sort of a part of a three-legged stool, where there would be private pensions, personal savings, plus Social Security. So instead of people going over the hill after the Great Depression to the poor house, the Congress passed a law saying, look, we are going to have forced savings and we are going to take some money out of taxpayers' paychecks while they are working to ensure that they have a little Social Security when they retire. That is the program that we have been operating under since 1934.

Right now, Social Security is a system stretched to its limits. There are 78 million baby boomers who begin retiring 7 years from now. They go out of the paying-in mode and into the recipient or taking-money-out-of-Social Security mode. Social Security spending exceeds tax revenues starting in 2015. Social Security trust funds go broke technically in 2037. We are going to have a new trustee's report soon, and that might even go up to 2040.

The question is, with all of this money, the \$1.1 trillion so far, and by that year it will be another \$4 trillion,

how does government pay back this money? Maybe there are three options, maybe four: we can increase taxes again on workers or on the general public; we can cut other benefit programs or cut Social Security benefits; we can dramatically increase borrowing to put this country further in debt and put our kids and our grandkids at greater jeopardy and also risk economic development in this country with that kind of negative savings; we can start looking at a fix for the program now. And that is what we should be doing.

I was encouraged that President Clinton said, "Let us put Social Security first," but he did not come up with a bill. I was encouraged last night that this President said, "Let us give a priority to Social Security." But what I wonder and am concerned with regarding this commission is does that just put off the question into the future. I would hope we could move aggressively ahead.

We have Democrat Senators, like Senator Moynihan, Senator KERRY, Democrats in the House, like the gentleman from Texas (Mr. STENHOLM), and a lot of Republicans that have come up with proposals on how we can keep Social Security solvent. But, Mr. Speaker, here is what everybody should remember: that the longer we put off the decision on fixing Social Security, the more dramatic and drastic those changes are going to have to be. So the quicker we do it, the better. So let us move ahead. If it is a commission, hopefully we can move quickly.

Insolvency is certain. We know how many people there are, and we know when they are going to retire: 62, 65 and, in some cases, 67. We know that people will live longer in retirement.

I chaired the Social Security task force, a bipartisan task force, made up of Republicans and Democrats. We ended up, after hearing all of the testimony, agreeing on 18 different parts of the solution that both Republicans and Democrats could agree to. But on the part of living longer, I wanted to mention what some of the medical profession were suggesting in terms of our longevity, our long life-span. They suggest that within 20 to 25 years, anybody that wants to live to be 100 years old will have that option. Within 30 to 35 years, anybody that wants to live to be 120 years old could very well have that option.

What does that do to an individual's personal savings now? Is there going to be enough money in their savings accounts to accommodate any kind of a decent retirement if they are to live that extra 20 years or 30 years over the average today? And what is it going to do to programs that industry has that have guaranteed a fixed income on retirement? It is going to be tremendously expensive. What is it going to do to Social Security and Medicare? A tremendous imposition, a tremendous danger of asking American taxpayers to dig deeper into their pockets in the

future to accommodate that growing senior population.

The last point. Taxes will not cover benefits starting in 2015, and the shortfalls will add up to \$120 trillion between 2015 and 2075; \$120 trillion more is going to be required over and above what is coming in from the payroll tax. One hundred twenty trillion dollars in the future dollars is the same way as expressing the current \$9 trillion unfunded liability that we need today to put into an investment account to return at least a 2.2 percent interest rate to accommodate future retirees.

Here is part of the problem: there are fewer workers. It is a program that was designed in 1934 to be a pay-as-you-go program. Like a chain letter, it depended on expansion. It depended on more and more workers paying in part of their payroll tax to accommodate retirees. In 1940, for example, we had 38 workers paying in their Social Security tax for every retiree. In 1940, 38 workers paying in their Social Security tax for every retiree.

Today, it is down to three workers, working with that increased tax and paying in their Social Security tax to accommodate every one retiree. The estimate is that by 2025 there will be just two workers. Because people are living longer, because the birthrate went down substantially after the baby boomers, and the life-span is dramatically increasing, there are fewer workers. So we have fewer workers and more retirees, which makes it tough on those two guys left that are going to end up having to pay that kind of tax, especially if we do not start planning now for the long-term solvency of Social Security.

This represents the long-term solvency up until 1975. Because we increased taxes on Social Security substantially in 1983, the so-called Greenspan Commission in 1983 got together as a commission, what we are talking about now, and they decided to do two things: reduce benefits and increase taxes. They increased taxes so dramatically that there has been a huge surplus since that time coming in from Social Security taxes over and above what was needed for paying out benefits. And let us remind ourselves that it is a pay-as-you-go program. Most of that money comes in at the end of the month; and within the next week, most of the money is sent out in terms of paying benefits for existing retirees. So a huge imposition.

The red part of this chart represents the \$120 trillion that Social Security is going to be short of paying benefits over and above what is coming in in Social Security taxes. So I should make my point, Mr. Speaker, and the point is let us not waste this short-term opportunity that we have to make some use of this money to start getting a better return on that money coming in.

There is no Social Security account with our name on it. I have made maybe between 200, 250 speeches around

the United States and a lot of people think somehow that there is an entitlement there, that there is an account with their name on it which they are entitled to. This is a quote from the President's Office of Management and Budget and it says: "These trust fund balances are available to finance future benefit payments and other trust fund expenditures, but only in a book-keeping sense. They are claims on the Treasury that, when redeemed, will have to be financed by raising taxes, borrowing from the public, or reducing benefits or other expenditures."

That is the problem. A lot of people, say, "Well, we have a trust fund that is going to take care of us until 2035, maybe 2040 when the trustee's report comes out. The question is where does the money come from? The money is gone. Over the last 40 years we have taken the extra Social Security surplus and spent it on other programs, which have almost become entitlements.

So it increases the size of government and perpetuates itself because on almost every new spending that is developed there now becomes an interest group, a special interest group, that starts doing everything they can to lobby Congress to continue that spending. And if we continue it the second year, then there is a feeling, well, we are entitled to it. So a strong public political pressure to continue that spending. That is one of the problems that we have seen in this country, is that government has continued to grow.

The public debt now, as I mentioned earlier, is \$3.4 trillion. So what we hear is the suggestion that if we pay down this \$3.4 trillion it will accommodate the \$120 trillion over the next 75 years, or the \$46.6 trillion over the next 55, 56 years. The fact is that that little block of money, or the interest savings, worse yet, the interest savings that we save from paying off this \$3.4 trillion is going to somehow accommodate the shortfall that we are facing in Social Security.

Some have suggested economic growth will help take care of the Social Security problem. Not so. Because there is a direct relation between the wages we make and the taxes we pay in, in relation to the benefits we will ultimately receive, short-term economic growth and increased wages means that in the short run there is extra money coming into the Social Security Trust Fund; but in the long run, when eventually that person retires, their entitlement for benefits is going to be significantly larger. We increase benefits not based on inflation increases but based on wage inflation. So at some point it ends up catching up with us and simply costing more.

Let me just read through this chart. Social Security benefits are indexed to wage growth. When the economy grows, workers pay more in taxes but also will earn more in benefits when they retire. Growth makes the numbers look better currently now, but

leaves a larger hole to fill later. And the administration has used these short-term advantages, I think, over the last 8 years, to do nothing. Very disappointing.

What I have decided, Mr. Speaker, I have decided that it is going to take the bully pulpit of the President; it is going to take that information going out to America so more and more people know the seriousness of the Social Security problem.

Medicare is also going broke, but right now we are talking about adding a prescription drug coverage to Medicare. There is no question a lot of people need that prescription drug benefit. But, again, it is like a cargo ship that is already overloaded that we know if we are not careful it is going to sink, and yet we are adding more cargo to that ship.

□ 1345

I hope we are very, very careful in the way we design any kind of a prescription drug program or any kind of benefit expansion, whether it is Social Security or Medicare or any of the other benefits. We should not be allowed to do that in any way that simply says that we will borrow more money later or we will tax the younger generation later when we need it or we will pretend that we are going to cut other benefits. My guess is that we do not have the intestinal fortitude to cut Social Security benefits or Medicare benefits significantly or any other government expenditures to accommodate the need in the future.

The biggest risk is doing nothing at all. Social Security has a total unfunded liability of over \$9 trillion. The Social Security trust fund contains nothing but IOUs and to keep paying promised Social Security benefits, the payroll tax will have to be increased by nearly 50 percent or benefits will have to be cut 30 percent. That is just in the next 30 or 40 years.

Here is the average return on what you get on Social Security. Over the last 25 years, the average return on equities, for example, combined with some kind of investment in interest income, such as bonds or other securities, has been 6.7 percent over the last 100 years. It has been approximately 7 percent over the last 25 years. The real return of Social Security is less than 2 percent, or 1.7 percent for most workers, it shows a negative return for some, compared to over 7 percent for the market. Some minority groups and some people that are put in unhealthy environments in their working lives end up dying earlier, so they end up paying into Social Security but never getting anything back really. For example, a young black male, because their life expectancy is earlier than even when they start drawing benefits, is going to have a negative return on average for what they and their employer are putting into Social Security. The average again is 1.7 percent and the market for the last 25 years has given a return of 7 percent.

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

What we did in 1934 is we left it an option to local government and to State government whether they wanted to participate in the Social Security program or whether they wanted to have their own payroll deduction with their own investments.

The U.S. trails other countries in terms of coming up with some programs that are owned by the worker, that they have control over.

Let me just point out, Mr. Speaker, that the Supreme Court on two decisions now has said that there is no entitlement to Social Security. Social Security is a tax on one hand that Congress has passed and the President has signed and the benefit package is simply another benefit package that is not related and otherwise no obligation on the part of government. So government can change any time they want to. When we ran into problems in 1977, when we ran into problems in 1983, in both of those situations government made the decision to lower benefits and increase taxes. I see that as a danger but I see it as a plus if we can have a personal retirement savings account that is in the control of the individual where politicians cannot, if you will, mess around with them in future years.

I see an absolute in our Social Security Task Force that I chaired. We had different vendors come in suggesting that they could guarantee a return much higher than the 1.7 percent that Social Security has, a guaranteed return with part of the investment in equities. With that guarantee you have a little less risk but like in our thrift savings account for the Federal Government, our thrift savings account gives individual Federal employees the option of putting some of the money in index stocks or index bonds or Treasury paper. And so you have some choice but it is limited to more safe investments. If we have a Social Security account, I visualize that as having similar characteristics where you would have a limit on where you could invest that money and a requirement that a certain percentage go into securities that would be interest-bearing and absolute. Look at what can be paid at your local bank on a CD or a government savings bond or any kind of investments that are available out there and very secure in terms of interest, none of which are as low as the 1.7 percent.

This just says that in the 18 years since Chile offered the PRAs, 95 percent of the Chilean workers have created accounts. They have their own passbook. Their average rate of return

has been 11.3 percent a year. British workers chose PRAs with 10 percent returns. I was over in Europe representing what our country's public pension program was, and I was surprised to learn that so many countries around the world are so much further ahead in the private investments that give a much greater retirement benefit package than our current Social Security plan does in this country.

For this chart we came up with a dollar amount of \$58,475. If the total family income were this \$58,000, the return on a PRA is even better. We broke it down into 20 years, 30 years and 40 years, with a decision of whether or not to invest 2 percent of the money, 6 percent of the money or 10 percent of the money. You can see if you go all the way on purple, invest it in a working career for 40 years, you end up putting 10 percent of your money in for 40 years, it ends up being \$1,389,000. This is the magic of compound interest. It is another demonstration that you cannot just go in and out of the market. It has got to be more of a long term.

There has never been any period in American history, even around the greatest recession and depression, any 15-year period anyplace you want to put it on the map that has not shown a positive return in equities. For example, if you have 40 percent of your money in investment accounts and not more than 60 percent in equities and you left that money in for 35 years, guess how bad the market would have to drop for you to be worse off than Social Security. The stock market would have to drop 100 percent. That is, of course, never going to happen. It is never going to go to zero. That is because even the 40 percent that are in investment funds are going to end up giving you more than you are going to end up with Social Security.

This is my legislation for Social Security, and I am just going to briefly go through the highlights of the bill. When I first came to Congress in 1993, I wrote my first Social Security bill. I have written three Social Security bills now in each of the last three sessions. They have all been scored to keep Social Security solvent. I have spent a lot of time because I think it is a very, very important program, and I think the consequences of doing nothing, of continuing to put this off, are going to tremendously jeopardize future retirees and going to put a huge burden on future workers. The bill that I introduced, the Solvency Act for 2000, allows workers to invest a portion of their Social Security taxes in their own personal retirement savings account, the PRSAs that start at 2.5 percent of wages and gradually over the next 50 years increase that amount. We do not touch, nor does any proposal that has been introduced in Congress, touch any part of Social Security that is designed as an insurance program for disability and survivors. Nobody is talking about doing anything with that program. That would continue totally

to be a Federal Government program to ensure against disability on the job and the need of survivors if something happened to that particular worker.

My bill does not increase taxes. It repeals the Social Security earnings test for someone 62 years old. It gives workers the choice to retire as early as 59½ years old, and as late as 70. In my proposal, which interestingly I use the word actuarially sound, it does not cost any more to tell a person, Look, if you want to put off your benefits after age 65, we will increase future benefits 8 percent a year in what you otherwise would have gotten from Social Security for every year that you put off retiring. If you wanted to put off the whole 5 years, you could have a 40 percent increase in benefits. It is actuarially balanced simply because your life expectancy, some people might die at 69 or 70, on the average it is not going to cost any more if we allow people to put off their retirement. More and more seniors are in good health and are willing to continue working and that should be a flexible program of choice that is available.

My bill that I introduced this last session takes a portion of the on-budget surplus over the next 10 years. It takes \$800 billion over and above the Social Security surplus. So we go into the, if you will, on-budget surplus, some of the surplus that we are talking about. Remember now, this is a pay-as-you-go program. The money comes in, most of it goes out by the end of the week that it comes in, so how do you change that to allow some real investments, some personal investments? That is the cost of transition. To accommodate that cost of transition, to put the money in accounts that are going to give a better return than Social Security does by far, then you need some extra money. Part of that is going to be the Social Security surplus money, but in addition, it is going to take money from the general fund surplus.

So when you hear Washington talk about paying down the debt in the next 10 years, again the debt they are talking about is not the total debt. The debt they are talking about is the Treasury bills, the Treasury paper debt. Here again, the only way that is going to be paid down is if you take the Social Security surplus dollars, write an IOU and use that money to pay down the other debt. By definition, that means that if you are using that money to pay down the Treasury bill debt, you are not using that money to accommodate a transition so that we can have a Social Security program that is going to be solved forever.

I resist and I urge my colleagues and the White House to not suggest that we are going to pay down the debt held by the public over the next 10 years, because by definition that means that we are not going to solve Social Security.

My bill uses the capital market investment to increase the Social Security rate of return, and it is inter-

esting, when I wrote this it was 1.8 percent, today it is 1.7 percent, that workers are now receiving from Social Security. Over time, PRSAs grow and the Social Security fixed benefit is reduced. It indexes future benefit increases to the cost of living increases instead of wage growth. Future benefits would be indexed and increased to a COLA that represents inflation rather than the higher increase due to inflation. That goes a long way in solving the problem.

This is another way of representing that Social Security is a bad investment. To get back what you and your employer put in, or what you put in if you are a private business, in 1940 you had to stay alive 2 months after you retired to get everything back you had put in. By 1960, you had to stay alive 2 years to get everything back. Today when you retire, you have to live 23 years after you retire to break even getting the money back that you and your employer put into Social Security. Not a good investment. We can do better.

This represents what this government has done on tax increases when we have gotten into trouble, Mr. Speaker, in past years. In 1940, the Social Security rate was 2 percent. The employer paid 1 percent, the employee paid 1 percent on the first \$3,000. The maximum payment for both employee and employer was \$60. In 1960, we raised the rate to 6 percent. We raised the base to \$4,800 for a maximum payment, employer and employee, of \$288. In 1980, we jumped it to 10.16 percent of the first \$26,000. And, of course, after the 1983 changes, we are up to 12.4 percent on the first \$78,000. That is about a \$10,000 a year payment going into Social Security. The danger is, is what is going to happen in this line and in this line if we do not do anything to fix Social Security and if we put it off, then the likelihood is, is that we are going to put the imposition of more taxes on the American worker to accommodate those existing retirees.

With those tax increases, here is the situation that we have found ourselves in. Now 78 percent of families pay more in the payroll tax than they do in the income tax.

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So part of the discussion on a tax cut, how do we accommodate a break for those individuals that pay more in the FICA tax, the payroll withholding tax, than they do in the income tax? My suggestion is that we tell these workers that if they want, it is their choice, but if they want, they can take a part of their Social Security tax and invest it in an IRA, to ultimately increase their retirement benefits.

So I would like to see that part of this tax package that starts that opportunity with the limitation on safe investments, with a requirement that a certain amount go into interest-bearing accounts.

There are six principles of saving Social Security: Protect current and fu-

ture beneficiaries; allow freedom of choice; preserve the safety net; make Americans better off, not worse off; and create a fully funded system; and no tax increases.

Again, if I come back to my concern of the danger of increasing spending and almost demanding that this body is faced with the kind of lobbyists and special interest pressure to continue that expanded spending, expanding the spending of the Federal Government is the greatest negative, the greatest potential to making our economy worse, than almost anything else we can do.

When we talk about this tax increase, we talk about a situation where this tax increase does not even offset the projected 1993 tax increase. The tax reduction, the tax cut, that President Bush is talking about that our Committee on Ways and Means is taking up tomorrow does not offset those past tax increases.

I think the question we should ask ourselves is, how high should taxes be in the United States? How high should taxes be? And then when we make that decision, we say, look, we do not want them too high. That is going to discourage entrepreneurs. It is going to discourage somebody from going out and getting a second job if they want to do better for their family because government takes more and more of it away. Then after we set that limit, let us discipline ourselves to set priorities on how to spend that amount of money.

There is an unlimited need. We are going to hear Republicans and Democrats suggest that we should not have tax cuts because there are all those needs out there for more government spending. I think this is dangerous. I think we should not let ourselves fall into the trap of trying to fix every problem there is from Washington and simply asking all taxpayers to pay a greater tax on what they might earn.

How would Members react, Mr. Speaker, if they were thinking of starting a new business that would employ workers and give them a good salary if government told them if they are a success we are going to take half of the money that they make and if they fail then tough luck, they do not have any money to send their kids to piano lessons and do not have the money to have a decent vacation? If we increase taxes too high, it is a negative on the economy. If we let the debt grow too much, then it becomes the kind of negative savings that we are seeing in this country.

By the way, this country has a lower savings rate than any other industrial country in the world.

Finishing up, personal retirement accounts, they do not come out of Social Security. They would simply come out of the additional funds that are now coming into government, the so-called surplus. They become part of Social Security retirement benefits. A worker will own his or her own retirement account and it is limited to safe investments that will earn more than the 1.7

percent that we now see as an average return coming back in.

Social Security personal retirement accounts offer more retirement security. For example, if John Doe makes \$36,000 a year, in Social Security he can expect \$1,280 a month in a personal retirement account compared to what has happened in the last 100 years with no more than 60 percent in equities. He would have \$6,514 per month retirement from his PRAs. As I mentioned, States and local governments had the option of going into the Social Security program or doing their own investments. Galveston County, Texas, decided they wanted to do their own investment so they are not paying into Social Security.

Just a comparison in Galveston, death benefits \$253 in Social Security, \$7,500 under the Galveston plan. Social Security benefits for disability, \$1,280; Galveston plan, \$2,749. Social Security payments \$1,280 a month compared to the Galveston plan now paying \$4,790 a month.

I just simply demonstrate this to say that we can do better than the 1.7 percent return we are now getting on Social Security. San Diego did the same thing.

Mr. Speaker, I would conclude by urging this body to hold the limit on spending. Again, we have tried to set caps on spending. We did that last in 1997 with the 1997 caps on spending. If we would have had the discipline to hold down spending, to do what we said we were going to do when we passed those 1997 caps, the baseline, what is projected for increased spending over the years, that is roughly inflation plus 1 percent, the projected spending if we would have stuck with those caps that we set for ourselves, would be \$1.7 trillion less than is now projected under the new baseline. So we could have doubled the tax cut.

So the danger and the question is, how do we keep government from continuing to grow at the rate that it has been growing? How do we make sure we pay down the total debt of this country, including the debt that is owed to the trust funds, Social Security, Medicare and the other trust funds, to make sure we keep Medicare and Social Security solvent? It is a huge challenge.

Mr. Speaker, I appreciate the time; and I urge the President, I urge my colleagues, to move aggressively to solving Social Security and developing ways that we can discipline ourselves. A lot of this has to come from the White House. Discipline the Federal Government from continuing to increase spending like we have in the past.

PRINTING OF A REVISED EDITION OF "BLACK AMERICANS IN CONGRESS, 1870-1989"

The SPEAKER pro tempore (Mr. REHBERG). Under the Speaker's announced policy of January 3, 2001, the gentleman from Maryland (Mr. HOYER)

is recognized for 60 minutes as the designee of the minority leader.

Mr. HOYER. Mr. Speaker, this is the last day of Black History Month, a vital commemoration that we celebrate in our Nation each February. I have had the privilege of hosting for 20 years, every year that I have been in Congress, a black history breakfast in my district, to which I have invited extraordinary speakers over the years, including our colleagues, the gentleman from Georgia (Mr. LEWIS), the gentleman from Illinois (Mr. JACKSON); as well as his father; and many other distinguished African Americans and Members of this House.

At the outset, because she has a committee meeting to attend, I would like to yield to one of our newer colleagues but who is not new to the struggle for civil rights in this country and in her city. She is also a leader in her city as a prosecutor and as a judge. It gives me a great deal of pleasure to yield to the gentlewoman from Ohio (Mrs. JONES).

Mrs. JONES of Ohio. Mr. Speaker, I thank the gentleman from Maryland (Mr. HOYER) for yielding.

Mr. Speaker, I have to say that in the time that I have been in Congress, although 2 years and 60 days, the gentleman from Maryland (Mr. HOYER) has been one of my finest friends and has given me great instruction and guidance; but I want to be invited to be the speaker at the Black History Month breakfast next year.

Mr. HOYER. I hear the gentlewoman.

Mrs. JONES of Ohio. Mr. Speaker, I rise today in support of the resolution to reprint the book called Black Americans in Congress; and I thank my colleague, the gentleman from Maryland (Mr. HOYER), and my colleague, the gentleman from Ohio (Mr. NEY), for their insight and vision to do such a thing.

I rise today to honor the contributions of black Americans in the Congress of the United States. In our collective history, the period of 1865 to 1877 marked reconstruction. The first African-American Member of Congress, Senator Hiram Rhodes Revels from Mississippi, Republican, served in 1870 in the 41st Congress.

Senator Revels was also the first black Member of Congress and the first black Member from Mississippi. Senator Revels began an illustrious tradition that has continued through this day. The History of Blacks in Congress was last published in 1989. It is now time to update this volume to reflect the work of individual Members of Congress, as well as the collective work of the Congressional Black Caucus over the past 12 years.

In the 212 years of congressional history, African-American Members of Congress have shown that effective African-American leadership is more than simple expressiveness. It must deliver substance by opening up opportunities for the poor and powerless. It must enhance race relations but also hold accountable any group or indi-

vidual that may seek to disenfranchise people of color.

Hiram Revels and other 19th and 20th century black Members of Congress worked to ensure that representation of African Americans through the franchise, voting rights. At this point in our history, it is highly significant that we must continue to examine the systematic disenfranchisement of voters, most recently during the 2000 elections.

Most African Americans who aspire to leadership in the post-civil rights era will understand what makes a difference in people's lives: Homes and safe neighborhoods, schools that teach our children, businesses that support economic growth and jobs in our communities, faith and community institutions. These matters are at the heart of much of the work of the Members of Congress, both black and white. But until our society prioritizes fairness, economic stability, health care, security for seniors, and education, advocacy on behalf of the poor and powerless need continue. African-American Members of Congress will continue to strongly advocate to ensure that our society evolves into a more perfect union.

Again, I am so happy to join my colleague, the gentleman from Maryland (Mr. HOYER), and my other colleagues as we push to reprint Black Americans in Congress. This time maybe I will get printed in the program since I have managed to make it here, and am blessed to be here.

Mr. HOYER. Mr. Speaker, I thank the gentlewoman from Ohio (Mrs. JONES) for her remarks. She is impossible not to include, Mr. Speaker. She is effervescent, ever-present and ever-ready; and we thank her for her participation.

Mr. Speaker, I mentioned that today is the last day of Black History Month. It is appropriate that we look back on this history and we look back with our eyes wide open at the injustices committed on American soil. The stain on our history deserves no defense because it is simply indefensible, but let us take this opportunity today to look back and learn from those who led our Nation out of darkness through the strength of character, through the unbreakable human spirit, through the unending quest for freedom and human dignity and in the words of that great national anthem, "facing the rising sun of their new day begun, let us march until victory is won."

The inspiring lives of our colleagues teach rich lessons for all of us. The inspiring lives of great African Americans do so as well: George Washington Carver; Frederick Douglass; Sojourner Truth; Harriet Tubman; W.E.B. DuBois; Thurgood Marshall, from my own State; Jackie Robinson; Dr. Martin Luther King, Jr.; and Shirley Chisholm, who served with such high distinction in this House. Mr. Speaker, that list of great African Americans could go on and on; and that list is continually growing.