administration has to be held to account for is that Afghanistan now is reverting to a status in which it could be called a terrorist breeding ground in a United Nations report.

Mr. DELAHUNT. Mr. Speaker, is my friend aware of the fact that the President of Afghanistan recently was compelled to delay the elections that were scheduled in June to September?

Mr. ABERCROMBIE. Hopefully, September.

Mr. DELAHUNT. Hopefully, September.

Mr. ABERCROMBIE. Yes.

Mr. DELAHUNT. And I dare say that that election date is very much at risk, as the gentleman suggests that Afghanistan, as a viable nation-state embracing democracy, is very much at risk, because we have ignored Afghanistan since we achieved a stunning military success, but then diverted our efforts and our resources and our attention to Iraq where there was only one terrorist, and that was Saddam Hussein, who terrorized his own people. But the terrorists in Afghanistan were the terrorists that were training, that were appearing again to attack America. And today, we are still searching for them.

Mr. INSLEE. Mr. Speaker, if the gentleman will yield for a moment, I just want to sort of reiterate basically what the gentleman is saying. I keep hearing more and more evidence that with the President taking our eye off the ball of al Qaeda, it has damaged our ability to bring them to the ground; and it has done that in multiple ways.

We had a hearing the other day in the Committee on Financial Services about our ability to track down and cut off the funds of al Qaeda coming out of Saudi Arabia, because that is where the money came, largely, from al Qaeda. It turns out the administration has had a lot of the forces that could have been used to cut off the money going to al Qaeda, the people who killed 3,000 Americans, to chase Saddam's funds all around the world. Now, it would be nice to get ahold of Saddam Hussein's funds. That is fine. I am sure he abused and did the Iraqi people tremendously, not only personally, but fiscally. But the guy who killed over 3,000 Americans is at large; and his network of raising money is still intact, because this President took our eye off the ball and cut off some of the resources we had to cut those resources off from al Qaeda.

Mr. ABERCROMBIE. Mr. Speaker, if the gentleman would yield on that point, I would contend and do contend that the biggest supporter of the invasion in Iraq was Osama bin Laden. It does not take a cracker-jack specialist in strategy to understand that when your enemy, i.e., the United States of America, is addressing all of its attention, its military prowess, and its funding in a direction opposite from where you are, that that is, in fact, very good for you.

Mr. DELAHUNT. Mr. Speaker, I think it is really important to the people who are watching this to understand this: that historically, Saddam Hussein and Osama bin Laden were bitter enemies. In fact, in the mid-1980s, there was a group akin to al Qaeda in terms of its world view, fundamentalist Islamist, a perverted form of that holy religion, that great religion, that attempted to assassinate Tarik Aziz. Saddam Hussein, the tyrant and the thug that he was, just eradicated him. So historically, we should have known that those that attacked us were the same people that as recently as this month, as recently as this month killed hundreds of people in Madrid, Spain; and we need the help of the entire world. That is why I go back to this issue of credibility: Who is going to believe us?

I know that there are some that will strut and swagger and be tough and say, we can do it alone. Well, I do not want to do it just with American men and women.

□ 2130

This will only be successful, this war on terror, if we do it working with others and we have to have their trust. We have to have their confidence. We will never accept appeasement, but we have got to be honest

Mr. ABERCROMBIE. Mr. Speaker, if the gentleman will yield on that point, I will point out in turn that come June 30 you are going to see what it is like to be alone. We are going to be cut loose in less than 100 days in Iraq, not just in Baghdad, but in Iraq; and our Armed Forces there will be adrift. There will be no one to report to.

We have no status of forces agreement with anyone that can be enforced. We have no idea with whom we would enforce such an agreement. All our armed services, all our Armed Forces in Iraq after June 30 will be left to fend for themselves and make decisions on the spot as to what they will do and how they will operate and who they are working for and with. There will be no operative government whatsoever, and this is being done entirely for political reasons because of the utter failure of this operation.

The gentleman will recall that I indicated back at the time of this invasion that this would not be a war, that this would be a lightning attack on Baghdad, and then the war would start. I trust the gentlemen, both of them, will recall me saying that; and I think it was quite clear to those of us serving on the Committee on Armed Services that was going to be the result, and even then we indicated as a result of the testimony of people like General Shinseki and others, upon whom we have relied to good effect in the past, that unless we were properly prepared with the logistics, even that lightning attack would suffer casualties and set us in circumstance less than what we could be in terms of the military might of this country.

That is precisely what happened. That lightning attack was accompanied by consequences in terms of supply and logistics which harmed us and harmed those who served in that attack, and then the war began, and we are suffering from that kind of war right now, as we speak tonight; and on June 30, I can assure you that the level of combat in terms of what the United States is going to suffer is scarcely beyond imagination

Mr. DELAHUNT. Mr. Speaker, in retrospect General Shinseki, who was treated in an extremely dismissive manner, his advice should have been heeded and, maybe just maybe, today we would be looking at a totally different situation in Iraq than what we are currently embracing.

I am sure you are aware that the leader, the dominant leader of the Shiites in Iraq, Ayatollah Al'sistani, is already circulating information, pamphlets, decrying the Constitution. I mean, it has been reported that CIA analysts are concerned about a civil war in Iraq

Mr. INSLEE. Mr. Speaker, if the gentleman would yield, we have got people there tonight who are sitting ducks for this terrible situation in Iraq, and there are two things really galling to me about this.

Number one, I have heard some people in these Chambers sort of suggest, well, we only lost a couple today; we only lost 10 this week; we only lost 100 this last couple of months; it is not like Vietnam. Well, I have got to say when I went to a family 2 weeks ago to spend the Sunday with them when their father and husband of two young kids is never coming home again, it is just like no other war; and these numbers, this is not a numbers game.

These people who are serving tonight deserve something. They deserve their government to be accountable to them, to be responsible to them as to why this war started based on false information given to the American people, and we are now learning that there was lots of false information given to them. They are entitled to that. The American people are entitled to that, and we are intending to get that one way or another.

Mr. ABERCROMBIE. Mr. Speaker, if the gentleman will yield on that point, all this is true, and I think we have to reiterate it, but that is retrospective. Prospectively, I think we have to look at June 30, and I hope, Mr. Speaker, that when we have the opportunity next to come before you, Mr. Speaker, that we will be able to address that question.

PREDICAMENT WE ARE FACING WITH SOCIAL SECURITY AND MEDICARE

The SPEAKER pro tempore (Mr. BURGESS). Under the Speaker's announced policy of January 7, 2003, the gentleman from Michigan (Mr. SMITH) is recognized for 60 minutes.

Mr. SMITH of Michigan. Mr. Speaker, last week the actuaries of the Social Security Administration and the

Medicare came up with their estimates of the predicament that we are facing in those two programs in terms of having less revenue, less money coming in than is needed to pay for promised benefits. The news was not good.

I wanted to start with this pie chart to give everyone an impression of how we spend Federal Government money; and as you see by the title of the chart, Social Security is the largest budget expenditure. This is the Social Security piece of pie, if you will, at 21 percent of all of the money spent by the Federal Government. That compares to 20 percent for defense, and defense, 2 years, 1, 2, 3 years ago was a little over 18 percent. So, even though, defense has grown, Social Security is growing even faster.

We have Medicare at 12 percent, but that is the fastest growing program; and within 30 years, Medicare will overtake Social Security as the top Federal budget spending program.

Other entitlements, 10 percent; domestic discretionary, 16 percent; and here is a problem area over here, interest on the debt, 14 percent. The reason that is a problem is because we are amassing a dramatic increase in debt.

Last month, we celebrated Abraham Lincoln's 195th birthday. In his famous Gettysburg Address, he sort of noted whether a country of the people, by the people, and for the people could long endure. The Civil War, of course, was sort of a testing ground, whether that Nation or any Nation so conceived and so dedicated could last.

The actuaries in their report last month estimated that the total unfunded liability, the amount of promises or the cost of those promises over and above revenues coming in from the FICA tax, from the payroll tax, was going to be $73.5 trillion. To put that in a little bit of perspective, the budget that we are looking at for this current year is about $2.28 trillion, and for next year the budget we are working on is about $2.4 trillion. The unfunded liability, how we are going to have to somehow cut benefits or increase borrowing or increase taxes is $73 trillion or over $73 trillion; and breaking these down, we see Medicare part A estimated at $21.8 trillion; Medicare part B at $23.2 trillion; Medicare part D, the new prescription drug program, at $16.6 trillion.

So passing the Medicare drug bill increased the unfunded liability by $16.6 trillion, and Social Security with the trust funds comes to almost $12 trillion. It is more than a quarter million dollars of the unfunded liability for every American. Every baby that is born tomorrow, every child and woman and man in this country, their share of this unfunded liability that they are going to have to deal with the extra interest on the debt and paying back that debt is over a quarter of a million dollars.

This chart that Tom Saving came up with, an actuary in both Medicare and Social Security, indicated how much of the general fund revenue is going to have to be used up to pay for promised benefits in Social Security and Medicare; and we see that within 16 years, by 2020, it is going to take 28.6 percent of our current general fund budget to pay for the promises we have made in Social Security and Medicare. By 2030, it is going to take 52.7 percent of the general fund to pay for these programs.

The reason that I am making this presentation tonight, Mr. Speaker, is to call to my colleagues' attention, call to everyone's attention the very serious situation of the promises that have been made over and above the money that is coming in for those programs and how it is going to impact other programs that government now provides.

We talked about the Civil War with Abraham Lincoln. The earlier group talked about the Iraq War; but today, we face a threat to the country that may well be more serious than any war we have had. It is not in a dramatic clash of arms, but in neglect of the Nation's finances, especially our long-term finances.

Voters vote for benefits, and politicians promise them, without knowing where the money is coming from. They do not know how to pay for it.

Just 3 months ago, Congress voted for a prescription drug benefit that adds $16.6 trillion of the program's unfunded liability. That is more than twice our Nation's entire national debt, without knowing where the money is coming from; but when I say without knowing where the money is coming from, actually it means that our kids and our grandkids, that somehow some of these programs justify borrowing from the money that our kids and grandkids have not even earned yet. So to continue promising programs because it seems to be politically favorable to individuals in their reelection is unconscionable in terms of the burden that it is putting on our kids and grandkids.

From the founding of this country, Mr. Speaker, it took until 1975 to amass the first $500 billion worth of debt. Unfortunately, we are now adding more new debt to our books every year than it took in the first nearly 200 years of this country to amass because we are going over $500 billion every year.

The deficit for fiscal year 2003 was $536 billion. It is expected to be $631 billion this year and another $534 billion next year. We have never run a deficit this high, and we need to take decisive action in this budget to address our overspending; and though this budget is, for lack of a better word, more frugal than maybe any budget that we have passed since 1996, it still increases total spending of the government almost twice the rate of inflation, and it does not deal with unfunded liabilities. It does not deal with changes to Social Security, with changes to the Medicare program or the Medicaid program that are going to allow these programs to survive without threatening future generations with huge tax increases.

This is sort of a quick snapshot of the problems of Social Security, a short-term surplus. In 1983 under the Greenspan Commission, they raised the taxes so high that there was more money coming in than was needed; and so that money, maybe the word is "theoretically," was put into a trust fund, but there is nothing there except IOUs because government spent every cent of that money for other government programs. So in the short run, we had extra money coming in, all spent; and now in 2018 we are looking at there being less revenues coming in from even that high tax increase than is needed to pay promised benefits.

□ 2145

So a very bleak future in terms of future deficits.

When I have given speeches on Social Security, a lot question, how does Social Security work? So, very briefly, let me go through some of the provisions of how the Social Security program works.

Benefits, first of all, are highly progressive. That means that if you are a low-income earner, when you retire you can receive up to 90 percent of your average monthly check that you had for the 35 eligible years that you gained your Social Security credits. If you are a very high-income earner, then you come closer to getting back only maybe 15 percent of your average monthly check that you were earning when you were paying in your social security taxes.

At retirement, all of a worker's wages, up to the tax ceiling, are indexed to the present value. We are using wage inflation. The best 35 years of earnings are averaged out. So if you only worked 30 years, you got 5 years that is zero, and that is averaged in and averaged out as zero years. The average benefit for those retiring in 2004 equals 90 percent of earnings up to the first $7,344. This is the progressive part. Ninety percent for that low income. Thirty-two percent of earnings between $7,300 and 44,268, and then 15 percent of earnings above the 44,268. Early retirees receive adjusted benefits.

SSI. A lot of complaints about SSI, about the abuse of the Supplemental Security Income program and how that is hurting Social Security. Actually, SSI does not come out of the Social Security Trust Fund. It comes out of income taxes that go into the general fund.

Joining with colleagues who share my concern about government overspending, I think we are coming to a good start this year in making a difference on how we hold spending in line.

It is interesting that Franklin Delano Roosevelt, when he started Social Security in 1934, actually was suggesting that the savings be in private accounts but it be mandated savings based on earnings and that you could not use that savings until your age of retirement. But that changed. Looking at the archives over here, it is interesting, the debate that went on in the House and the Senate in those years.

The House passed legislation that said government should run the whole program. Government should take the money and invest it and save it and then give fixed benefits to retirees when they retire.

The Senate passed the bill saying these should be individually owned accounts, where individuals could invest in limited investments, but of course forced to save and forced to invest with that money and not being allowed to be taken out until they retire.

When they went into conference, the House won that debate; and we ended up with a program where government takes all the money in and spends any extra money that is coming in and then promises that benefits will be paid. Several times over the history of the program since 1935 we have ended up with less money than we have needed, and what has happened is this Chamber and the Senate Chamber across the way, and the President, have simply said, every time money was short, that we are going to cut benefits or raise taxes or do both. And that is what has happened over the years.

The system is stretched to its limit in Social Security. There are 78 million baby boomers that will begin retiring in 2008. Social Security spending exceeds revenues in 2017 and Social Security trust funds go broke in 2037, although the crisis could arrive much sooner. The reason the crisis is coming much sooner is because, even though the government has IOUs to pay back the money it has borrowed, government does not know where the money is coming from. So the danger when we come to the point of 2017, when there is less money coming in than going out, whether it is 2017 or 2018, is how does government come up with that money to pay promised benefits? Well, they either cut benefits or increase taxes or increase borrowing.

Social Security trust funds go broke technically in 2037, but that is if government pays back everything it has borrowed. Insolvency is certain. We know how many people there are and when they will retire. We know that people will live longer in retirement, and we know how much they will pay in and how much they will take out. We know that payroll taxes will not cover the benefits starting in 2017, and the shortfalls will add up to $120 trillion between 2017 and 2075. So that is $120 trillion in tomorrow's dollars. That translates into $12 trillion that would have to be put in a savings account today, earning whatever the CPI inflation is, to accommodate the $120 trillion that is needed in future years.

The coming Social Security crisis, our pay-as-you-go retirement system, will not meet the challenge of demographic change. Here is the problem, Mr. Speaker. The problem with Social Security, the problem with Medicare is the problem we would have with any program that is based on a pay-as-you-go system, where existing workers pay in their taxes which are then immediately sent out in benefits for existing retirees.

The problem is that way back in 1940 we had 32 workers for each one retiree. By the year 2000, we got down to three workers for each retiree. And by 2025, the estimate is that there will be two workers for every retiree. So it is understandable that if those retirees are going to receive the same level of benefits, then each worker is going to have to pay in more tax revenue; and that is what we have been doing, is continually increasing the FICA taxes on existing workers over the years.

So, two problems: Well, problems, I have to be careful of that word. Two situations that have brought about the demographic changes: One is the situation where people are living longer. The other is the birth rate is going down. Now, remember the chart where we go from the green to the red? That is because of the fact that the big birthrate increase after World War II, the so-called baby boomers, are going to start retiring in the next few years.

Some have suggested, well, if we can just get the economy going, that will help; and there is no question that the economy helps in the short run. It helps in the short run because, as wages go up and more people are working, then there is more FICA tax coming in, more Social Security tax coming in. But it does not help in the long run because there is a direct relationship to wages while you are paying in and eventually the benefits that you are going to be taking out. So when the economy grows, workers pay more in taxes, but it also will earn more in benefits when that individual retires. Growth makes the numbers look better now but leaves a larger hole to fill later.

The administration has used, I think, sometimes, these shortcut figures to say that the desperation date of when we are going to run out of money is increasing, and that certainly happens with a strong economy.

Now, Social Security trust funds versus the Social Security's shortfall. A lot of people suggest that if government would just keep their hands off that surplus money coming in, that Social Security Trust Fund, everything would be okay.

I wanted this chart to show the relative difference between what is in the trust funds, the IOUs that are now down in Virginia, and where we have borrowed $1.4 trillion from Social Security over the years. But the shortfall, as you remember, is $12 trillion. So even if we pay all this money back, and we will, somehow. We will pay it back with extra borrowed money or we will increase taxes on the workers in those years when we make the change. The money will be paid back, but it is going to be very difficult as we continually depend on tax increases to solve the Social Security problem.

Let me tell you why I am saying that. The situation is real in countries like France and Germany and Japan, where the senior population is a larger percent of the working population than it is in this country. The payroll taxes in France, for example, now are at about 50 percent. So an individual goes to work and works and earns so much money and half of that money is taken out for their taxes to cover the seniors in that country. In this country, we are up to 15.2 percent for our FICA tax. France is at 50 percent. Guess what Germany is? Germany has just passed a 40 percent payroll tax to cover the benefits for their senior population, and Japan is overwhelmed with the problems of their senior population as they try to tax workers.

You can understand that if you have that high of a tax, that businesses, that industry, that companies have to pay out, it comes from two places. They have to increase the price of their product or they decrease the salary and wages they are paying to their workers; and that makes them, that makes that country much less competitive. So you can sort of understand, simply by looking at the payroll taxes in France, some of their problems that they are now having with what I understand is 10 percent unemployment and some of the problems they are having with trying to compete with the United States and other countries.

The biggest risk for Social Security is doing nothing at all. Social Security has a total unfunded liability of over $12 trillion. The Social Security trust funds contain nothing but IOUs. 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 by 30 percent or we will continue increasing the debt of this country and the borrowing, which means that there is going to be a mounting interest rate.

When we look at the interest rate expense for this country, that is based probably on one of the lowest interest rates that we have had in a long time. So if interest rates go back up to normal, that can eat up twice the amount of the total spending budget that we now have simply because of the propensity of Members of Congress to spend more, to make more promises without knowing how those promised benefits are going to be paid for.

This is the diminishing returns on Social Security, and the reason that I made this chart is to demonstrate that Social Security is not a good investment. The real return of Social Security is less than 2 percent for most workers and shows a negative return for some, compared to over 7 percent for the general market. So if you happen to be a minority, which means on average you die before you reach the 65-year-old retirement for maximum benefits, so the average return on the investment for minority workers is a negative figure. If you are average, then you average just under a 2 percent return.

But compare this with the Wilshire 5000 Index, where that index, in equities, has earned 11.86 percent, and that is after inflation, over the decade ending January 31, 2004. That is even through the slumping years of 2001 and 2002 and somewhat in 2003.

□ 2200

This is how long you are going to have to live after you retire if you are going to break even on what you and your employer have paid in to Social Security. The people who retired in 1940 at the beginning of the program, it was pretty good. They only had to live 2 months after retirement. By 1995, you had to live 16 years after retirement to get your Social Security checks coming in to break even. By 2005, now you have to live 23 years after. By 2015, you are going to have to live 26 years to break even on what you and your employer have paid in to Social Security. This is what we have done to American workers. There are 78 percent of American workers that pay more in the FICA tax, the Social Security tax, than they pay in the income tax. So in terms of tax breaks for working Americans, we should be looking at possibly lowering their FICA tax, because that is where they are spending the money.

Let me go into my proposals for changing Social Security. I chaired the bipartisan Social Security task force. After about a year, every member of that task force agreed that we had to do something very quickly to save Social Security. The tendency of Congress is you wait until the disaster hits and then you make changes. But the longer we wait to solve Social Security, the longer we wait to solve the Medicare and Medicaid problem the more drastic those solutions are going to be. The six principles that I think are reasonable are protect current and future beneficiaries; allow freedom of choice; preserve the safety net, in other words, leave some of that trust fund money available; make Americans better off, not worse off; create a fully funded system; and no tax increases.

I have introduced legislation. This is my 12th year in Congress. I have introduced Social Security legislation ever since I first came to Congress. Actually, I wrote my first bill when I was chairman of the Michigan Senate finance committee, because it was obvious, even in the late eighties and early nineties, that Social Security was heading for a cliff of very serious financial problems of solvency. The people choosing to participate in the voluntary account program would continue to receive benefits directly from the government. This is my bill that I introduced a few months ago. Those benefits would be offset based on the amount of money deposited into their account and not on the amount of money earned in the account. This means that workers could expect to earn more from their accounts than was the offset for the Social Security benefits that would be reduced.

It is interesting to observe some of the municipalities that have elected to have their own personal retirement savings plans rather than have Social Security. When we passed the Social Security bill and started it in 1935, the option for State government and local government was to allow them to opt out of Social Security. Some of those counties now in the United States that opted out of Social Security are having retirees with benefits as high as 40 and 50 and $60,000 a year because of personal investments as opposed to the general Social Security program that has ended up with a 1.7 percent return on Social Security.

I think it is important to mention that part of Social Security is the disability program. The disability insurance program is not touched by anyone that has suggested any changes in Social Security, so the insurance part of that program continues to be a government insurance program to protect eligible workers and make payments if they are injured on the job.

The worker accounts, the question is, can we do better? Is there some way to earn more than the 1.7 percent that we are now earning on Social Security dollars coming in? All worker accounts would be owned by the worker and invested through pools supervised by the government. In other words, they would be limited to index stocks, index bonds, index cap funds, and investments otherwise determined by the Secretary of the Treasury to be safe investments. So the investments are limited, just like anybody that works for government now. Our Federal payroll deductions go into a Thrift Savings Plan with individual employees and members able to choose how much of the money goes into each plan, but there is a limited choice on the number of plans that you are eligible to invest in. Regulations would be instituted to prevent people from taking undue risks. And until the account balance reaches $2,500, a worker would be limited to choosing one of three funds, an 80 percent bond/20 percent stock fund or a 60/40 fund or a 40/60 fund. And after the balance reaches $2,500, workers would have access to additional safe funds as determined by the Secretary of the Treasury.

The legislation that we introduced, and this was bipartisan legislation with Republicans and Democrats that signed on to my bill, the bill would increase contribution limits for IRAs and 401(k)s and pension plans. I put this in the bill because I think it is important that we increase the savings of the United States. The savings of the United States is one of the lowest savings rates in the world. And so how do we get back to the days where the United States had one of the highest savings rates in the world? I think allowing some tax advantages to encourage savings is part of the motivation that can bring us back to a reasonable savings.

The legislation I introduced would create a 33 percent tax credit for the purchase of long-term care insurance up to $1,000, $2,000 for a couple. It would create a tax credit to make it easier for low-income seniors to live at home or with family rather than going to retirement care. And low-income seniors would be eligible for the $1,000 for expenses related to living in their own home. Households caring for dependent parents would also be eligible for a $1,000 credit for expenses.

I call this fairness for women. I suppose if I was politically correct, I would call it fairness to spouses. But generally women have been shortchanged in the Social Security program. These are the changes that are incorporated in my legislation. For married couples, account contributions would be pooled and then divided equally between husband and wife. In other words, if one spouse was making $80,000 a year and the other spouse was making $20,000 a year, they would be added together; and the eligibility at $50,000 for each spouse and the percentage allowed to go into their private investment account would be based on adding the two incomes together and dividing by two. So both husband and wife would have exactly the same amount every year in their personally owned savings account.

The legislation would increase surviving spouse benefits to 110 percent of the higher earning spouse's benefit. Somehow we need to have programs that encourage seniors to stay in their own homes rather than nursing home care that can cost 40, 50, $60,000 a year. This is one of the areas that instead of the current law that says you could have 100 percent of that higher benefit, this legislation would increase it to 110 percent of the higher benefit. The stay-at-home mothers with kids under 5 would receive retirement credit. So for those limited years that they have children under 5 years old, they would be credited for the 35 years that is being used to determine benefits. For those years that they are at home with these young kids, they would be credited with the average earnings for those higher income years.

The Retirement Security Act has been scored by the Social Security actuaries to restore long-term solvency to Social Security. There would be no increases in the retirement age, changes in benefits for seniors or near seniors, or changes in the Social Security COLA. Solvency would be achieved by recouping a portion of the higher returns from worker accounts and slowing the increase in benefits for the highest earning retirees.

So what we do to help come up with the money to keep this program solvent is we reduce the increase in benefits for higher-income retirees, and secondly we allow a personal investment that can earn more money, but that individual worker still can have a retirement benefit that even though they are working in modest income, they can retire at very much higher incomes. The bill would also call for a loan of $900 billion from the general fund to Social Security to ease in the transition as we go into some of these private accounts. That loan is paid back over the years.

When I introduced my first bill in 1994 and 1996, it was not necessary to borrow that money because the surplus coming in in those early years was so much greater. Now the surplus coming in from Social Security is declining; and, of course, as we noted on the one chart, it is going to run out.

The program, the trust fund continues. The Retirement Security Act would allow workers to create on a voluntary basis accounts funded from their payroll taxes. It would be in their name; so if they die before the age of 65, they own the money. The money would go to their heirs and their kids. The accounts would start at 2.5 percent of income and would reach 8 percent of income by 2075. Workers would own the money in their accounts. It is their money. Investments would be limited and widely diversified and investment providers would be subject to government oversight. The government would supplement the accounts of low-income workers making less than $35,000 a year to ensure that the lower income workers build up the kind of equity that is going to allow them to retire with much higher incomes.

The kind of spending that we have had in Congress means higher taxes are coming, maybe not in the next year or two, but eventually. The same Congress that could not bring itself to add a few real reforms to Medicare in a gigantic benefit expansion bill is not likely to cut benefits to the degree necessary to head off financial crisis. I take some comfort in what is happening this year from a new willingness among many Members of the Republican Conference to tighten our line on spending. And though some Members express concerns that maybe you should not have cuts in an election year, the overwhelming majority of Republicans agree that we have got to cut down on spending, we have got to have some kind of PAYGO rules that put some teeth, if you will, into assuring that we are going to limit spending. Joining with colleagues who share my concern with government overspending, we are going to reimpose those caps that we had in the 1980s and through the surplus period of the late 1990s.

Another aspect of the solution is improving the honesty of government accounting. I would like to mention, Mr. Speaker, a bill that I am introducing to require the CBO, the Congressional Budget Office, and OMB to include unfunded liabilities, the $73.5 trillion that we mentioned, in their budget projections. So it is legislation that is going to make us more aware of the fact that we are making more promises than we can afford.

To put $73.5 trillion in perspective, it amounts to 7 years of the gross domestic product of the United States, more than 30 times the President's proposed budget for this year; and it means that with 290 million Americans divided into that $73.5 trillion, every man, woman and child has a responsibility for more than $250,000. Some people have said that we should not worry so much about unfunded liability because it can be wiped out by reforms. I think that is the challenge. Are we going to do reforms this election year? Or are we going to put off those reforms until maybe after the election and try to do them next year?

□ 2215

Congress and the President I think can redeem their record on spending to a large degree if they push hard for Social Security reform after this election. But it remains to be seen whether we will take on that fight, and it will be a fight because steeply progressive taxes and big government have been combined to form a powerful electoral bloc.

Here again that bloc is 50 percent of earners in this country pay less than 1 percent of the income tax; and, as with health care, somehow everybody has got to participate in the taxes that run this government if they are going to look at their demands for increased government and know somehow that it affects their particular pocketbook. The same is true with Medicare and Medicaid. Somehow the reasonableness of those that are frugal in demanding additional health care need to have some kind of reward and those that are wasteful need to have some kind of scolding.

The old system, of course, before Medicare and Medicaid was that one worked hard and they earned money and they wanted to save that money, so they were very careful how they spent that money for health care and they asked the doctor, look, how much is this going to cost and why are you charging me this much on the bill? But when there are third-party payers, when government is paying the full bill, it is easy not to be as conscientious in demanding accountability from health care providers.

Empires decline when they fail to act on fundamental problems; and I wonder at times, Mr. Speaker, if we are not too distracted by endless scandals and horse-race politics of our media culture to grapple with what is best for our country. Too often, politics get reduced entirely to who benefits and who pays, but there have been times when I have been both surprised and inspired by the American people, by the people in this Chamber and the Senate and the White House who say we have got to come to grips with real problems that are facing this country. Despite the fact that it would sometimes seem easy to say, well, let us tax the rich and spend more money for the less rich and divide the wealth, I think it is important to remember that this country was built on a foundation and a motivation where those individuals that worked hard and saved, that tried and invested and that were careful with their spending ended up better off than those that did not.

So as we come with legislation that sometimes on the surface seems attractive to divide the wealth, I think we have got to be very careful; and this gives me help and hope.

As Lincoln concluded at Gettysburg ''that this Nation under God shall have a new birth of freedom and that government of the people, by the people, and for the people shall not perish from the earth,'' I think he was right because we are going to come to grips with these problems.

It is just important that the American people this year remind their elected representatives. In fact, I say to the American people when they go to debates to ask those individuals running for President, those individuals running for the U.S. Senate, those individuals running for the U.S. House of Representatives, ''What bill have you sponsored or signed on to to save Social Security and to save Medicare?'' Do not let them give a lot of fast talk, but ask exactly what are they going to do to deal with this huge unfunded liability that this country is facing, where promises have far exceeded our ability to pay for them.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. CULBERSON (at the request of Mr. DELAY) for today until 5:00 p.m. on account of medical reasons.

Mr. HULSHOF (at the request of Mr. DELAY) for today and March 31 on account of family reasons.

SPECIAL ORDERS GRANTED

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

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

Mr. EMANUEL, for 5 minutes, today.

Mr. BROWN of Ohio, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

Mr. HINCHEY, for 5 minutes, today.

Mr. CONYERS, for 5 minutes, today.

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

Mr. PALLONE, for 5 minutes, today.

Mr. STRICKLAND, for 5 minutes, today.

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

Mrs. JOHNSON of Connecticut, for 5 minutes, March 31.

Ms. ROS-LEHTINEN, for 5 minutes, March 31 and April 1.