his face when he said he had read the report, and when he said that he found the acts to be terrible and horrific. But he also said something else. He said, ''I promise you we will get to the bottom of this.'' That was yesterday, and here we are today saying a handful of individuals committed some acts that were so despicable.

The thing that is so amazing is that I do not even see how we could even have words like that in the resolution, because it does in fact say to all those people that may have been involved, say there are similar acts in Afghanistan, Guantanamo Bay, other cell blocks in Iraq, well, it looks like we got off pretty easy this time. It looks like we will be okay. We got a little reprimand going on, and we will be fine.

So I want to thank the gentleman for his vigilance, for standing up for people that do not even know, perhaps, that we are standing up for them. They may not even know that those statements that we make today may very well save lives tomorrow.

Someone asked the question, they said to the Congressional Black Caucus, why is it that you stand up over and over and over again? Why is it that you stand up and so often you do not win? You may not win this battle.

But our response has been one of clarity, and it simply says that we may not win, but we will set the trend. We may not win, but we will stand up for what we believe in and know that somebody is listening. We may not always win, but we do know that by being silent it is far worse, because it appears that we go along with things as they are, and silence basically is giving consent.

So I want to thank the gentleman for yielding and want to thank him for his leadership.

Mr. MEEK of Florida. Mr. Speaker, I thank the chairman. I am glad he is here, and we appreciate his service.

We are going to continue to stand up on behalf of the American people, need it be defense, need it be education, need it be this issue dealing with Iraq. I thank the gentleman for being here tonight, and I thank the Black Caucus for continuing to do what they are doing.

Mr. Speaker, as I close, I just want to say that we must have the annals of this House and the annals of history here in the United States to reflect that pictures that continue to come out about the abuses of what took place in Iraq or what is taking place in other parts of the world, that we condemn them, and we salute our troops; but at the same time our response is imperative and needed to be able to continue this effort against terrorism and have friends in the world that are willing to be with us.

APPOINTMENT OF CONFEREES ON H.R. 2443, COAST GUARD AND MARITIME TRANSPORTATION ACT OF 2003

The SPEAKER pro tempore (Mr. COLE). Without objection, the Chair appoints the following conferees:

From the Committee on Transportation and Infrastructure, for consideration of the House bill and the Senate amendments, and modifications committed to conference:

Messrs. YOUNG of Alaska, COBLE, DUNCAN, HOEKSTRA, LOBIONDO, SIMMONS, MARIO DIAZ-BALART of Florida, OBERSTAR, FILNER, BISHOP of New York and LAMPSON.

For consideration of the House bill and Senate amendments, and modifications committed to conference:

Mr. COX and Mr. THOMPSON of Mississippi.

There was no objection.

□ 1730

TUTORIAL ON FEDERAL GOVERNMENT FINANCES

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

Mr. SMITH of Michigan. Mr. Speaker, this afternoon I am going to give sort of a tutorial on Federal Government finances. This is the 195th birthday of Abraham Lincoln and, in his famous Gettysburg Address, he sort of indicated, can a Nation of the people and by the people and for the people long endure? Of course, the challenge of the Civil War was a huge challenge. But I would suggest, Mr. Speaker, that a challenge even greater than the wars might be the willingness of the United States, the House and the Senate and the President, to deal with real financial problems and, of course, the financial challenge before us is overspending and overpromising.

This is a pie chart of how we spend Federal Government money. We see at the bottom piece of the pie is the 21 percent that is spent on Social Security right now. Then, as we go around, Medicare is 12 percent. However, it is interesting that Medicare is expected to be a greater piece of the Federal pie, if you will, a greater percentage of total Federal spending than Social Security within the next 25 years, because it is growing very quickly. Medicaid is 6 percent, also growing, and that is growing with the increasing number of seniors that are spending all of their savings, as they have spent $40,000 or $50,000 or $60,000 per year on nursing home care, and then after all of their finances have been depleted, then they go on Medicaid and the Federal Government starts paying nursing home care.

Other entitlement programs, 10 percent. Entitlement means if you reach a certain age, if you reach a certain level of poverty, you are eligible for additional help. If you are a business or an industry or a worker, you are entitled if you work, but do not make very much money, you are entitled to an income tax credit. If you are a farmer and the prices of the products you sell are low, you are entitled to a supplement to build it up, that income, a little more for those farmers to keep the farmers in business. This Congress and the United States has been very generous with other people's money. In fact, so generous that we are now facing the dilemma of a huge debt and huge promises that I call entitlements, unfunded liabilities.

The domestic discretionary spending that goes in the appropriation bills, along with defense, is 16 percent. Defense is 20 percent. With the Iraq and Afghanistan war, it has gone from about 19 percent up to 20 percent, and then interest, interest, interest on this increasing debt.

The interest cost for this country is now about $300 billion a year to pay interest at a rate that is the lowest, almost the lowest in history, but a very low interest rate. Alan Greenspan, the chairman of the Federal Reserve, has now suggested that there is no question that eventually interest rates are going to go back up again, and that, compounded by the fact that we are increasing the amount of debt that we have to pay interest on, it is anticipated that within the next 20 years, interest on the debt will be one of the largest pieces of pie.

What does that mean to future generations? What does that mean for our kids and our grandkids. I am a farmer from Michigan, and the tradition on the farm has been you pay off some of that farm mortgage to try to give your kids a little better chance at a better life than you might have had. But in this Congress, what we are doing is going the other way. We are building up a debt, we are building up obligations because, somehow, we think the problems we have today are so great that it justifies us borrowing money from our kids and our grandkids and making them pay for the overspending that we are pushing on them today in this Congress.

Right now, we are in the midst of a budget decision in conference committee with the House and the Senate, trying to figure out a budget of what we are planning on spending for the 05 budget, that means the 05 fiscal year starting September 30, October 1 of 04, and going for 12 months until October 1 of 05, that is called the 05 fiscal year budget, and that is what we are working on, that is what we are arguing about.

This year, the good news is it is probably the most lien budget that we have had since 1996. But still, it is growing at between two and three times the rate of inflation in terms of the increased expansion of that spending, the increased size of government, taking money away from the people that have it and coming up with new programs and new entitlements and new discretionary spending. That means that this year, we can anticipate in 04 we are looking at a debt that is going to be close to $600 billion. Next year the debt is going to be approximately $530 billion. We are spending more than what is coming in, and this just adds on to how much interest we are going to be paying in the future.

Mr. Speaker, we are a country that is about, let us see, where are we, 228 years old. In the first 200 years of this country, we were very frugal and we have gradually accumulated a debt in that first 200 years of $500 billion. Now we are going deeper into debt, over $500 billion a year.

Now, how do we get the discipline? How do we get the intestinal fortitude to say, look, we are going to quit playing politics and start doing what is right for our kids and our grandkids in terms of the overspending and the overpromising.

Let me just mention what happens to a Member of Congress when they go home to their district. If they take home pork barrel projects, and pork barrel projects, as far as the line items for pork barrel projects that individuals take home: new libraries or new jogging trails or new whatever, or new promises of new programs, or keeping some historic monument in their hometown open, their chances of getting reelected are greater, because they get on the front page of the newspaper, maybe cutting the ribbon and they get on television.

So in pleasing a lot of the American population that is, in effect, saying, give me more government, because it helps get some of these Members elected, we end up with a lot of Members that tend to want to make more promises, to solve more problems. But it is just so important that we remember where government gets its money is two ways: We either tax people that are now working and now earning money and take the money away from them to start these new programs, or we borrow the money and say, well, somehow, sometime, future generations are going to have to pay it back. It is a challenge that somehow we must face up to. That is one of the problems of overspending.

Now I want to discuss for a moment overpromising. Here is our main overpromising programs, our entitlement programs. Medicare Part A, which is the Medicare program that is mostly for hospitals. Medicare Part B, the program that is mostly for doctors. Medicare Part A is an unfunded liability of $21.8 trillion, Medicare Part B, $23.2 trillion. The Medicare drug program that we passed last November is estimated, and this is from Tom Savings, these figures, an actuary for both Medicare and Social Security; he is estimating that Medicare Part D, the prescription drug program, has an unfunded liability of $16.6 trillion.

It is hard to conceive how much $1 trillion is. But compare that to what we are spending in this Congress, and right now we are looking at a budget that is going to spend $2.4 trillion. But if we add Social Security, about $12 trillion to the unfunded liability, it adds up to $23.5 trillion unfunded liability. That means that we would have to come up with $73.5 trillion and put it in a savings account today that is going to earn in interest at least equal to inflation and what is called the time value of money, pretty much the interest rates, to accommodate the increased money that is going to be needed over and above what people are paying in on their taxes to accommodate what we promised in Social Security, what we promised in Medicaid and Medicare to keep those promises. A huge challenge.

Why do we not pay attention to the obligation that we are passing on to our kids and our grandkids? I think, number 1, it is such a huge problem that it is easy to overlook it. It is easy for some people to say well, if the economy would get better, maybe we could solve these problems.

But let me just talk about Social Security for a minute. Our retirement benefits are based on how much you are earning. So if you are earning a lot now, that means eventually when you retire at 65, you are going to get a lot more in Social Security benefits. So an expanded economy, the way we have written the Social Security law, does not fix the problem of Social Security.

The unfunded liabilities, and I am going to show my colleagues unfunded liabilities, Mr. Speaker, in a different way, and that is at what percentage of our total general fund budget is going to have to be used to pay the difference between what is coming in in the payroll tax, the FICA tax, compared to what is going to be needed to keep promises.

In just 16 years, in 2020, it is going to use 28 percent. We are going to need 28 percent of the general fund budget to accommodate the unfunded liabilities, what we need to pay in addition to the FICA tax, the payroll tax for Medicare, Medicaid and Social Security. By 2030, we are going to have to come up with over 50 percent. About 53 percent of the general fund budget is going to have to be used to accommodate keeping the promises for those three promises, a huge challenge.

Let me say why I think it is so serious. That is because ultimately, this overspending and overpromising is going to mean tax increases some time in the future.

The equivalent payroll tax in France right now to accommodate their senior benefit programs is over 50 percent. Now, what does that mean to a business in France? It means they are either going to have to increase the price of their product to accommodate that kind of payment, or they are going to have to reduce the wages that they pay those employees. I mean that is probably one of the major reasons why it is difficult right now for France to compete in a world market on much of their production. It is probably one of the reasons why there is a lot of demonstrations in the street with farmers and workers saying, I have to have more money, because you are taking too much out of my paycheck.

In Germany right now, the payroll tax to accommodate senior citizens has just gone over the 40 percent mark. That means it is going to be tougher if we do not deal with these programs in the United States, if we put the solution off, number 1, the longer we put off the solution, the more drastic the solution is going to be; and number 2, if we have to start taxing our businesses, it is going to put them at a competitive disadvantage that much more than what it already is with other countries.

Now I am going to talk about Social Security. The Social Security program was started in 1934 by Franklin Delano Roosevelt, after the Great Depression, when people, old people were going to the poor house. The President said, look, let us start a program where we have a law, a requirement that while you are working you put some of that money aside to make sure that you will be more socially secure when you retire. So we passed the Social Security Act in 1934. It started in 1935.

Here is how Social Security works. Benefits are highly progressive and based on earnings. So the more you earn, the more you will get out in benefits when you retire. At retirement, all of a worker’s wages up to the tax ceiling are indexed to present value using wage inflation.

□ 1745

Well, what that means is we have continued to raise the ceiling on how much we charge the 12.4 percent Social Security tax on and currently that is $89,000. So when I say up to the ceiling, that is $89,000. And when I say indexed at present value, that means that we have a wage inflation factor. So what you have earned over the last 35 years, what you were earning, for example, 15 years ago, and if wage inflation doubles every 15 years, that $20,000 job 15 years ago would be added on in terms of determining what your benefits are on, that $20,000 would be up to $40,000, what that job is paying today.

That is how we figure Social Security benefits. The best 35 years of earnings are averaged. If you only work 30 years, there are 5 years that are thrown in at zero.

The annual benefit for those retiring in 2004, here is how it is progressive. Ninety percent of earnings up to the $7,344. So if you are a very low-income wage earner, you get 90 percent of what you were making back in Social Security benefits if that was your average for 35 years. Over the 7,300 you get 32 percent of the earnings between the 7,300 and the 44,268. And over the 44,000, you get 15 percent of everything over that 44,000 level.

So that is progressive in benefits to the extent that if you are a very high-income worker, you will be getting back maybe 15 or 16 percent of what you paid in; and if you are a very low-income worker, you will get 90 percent of what you pay in.

Early retirees receive adjusted benefits. If you decide to retire at age 62, the actuaries have figured out on average how long you are going to live. So if you are very healthy and you think you are going to live longer, then you are better off to wait until you are 65 to retire. If you do not think you will live very long, it will probably be better to retire early at 62.

I added this last blip because, as I have given speeches across Michigan and across the United States, a lot of people say, well, there is a lot of cheating going on with supplemental security income paid out by the Social Security Administration. Well, it is paid out by the Social Security Administration, but it does not come out of the Social Security trust fund. It comes out of the general fund. It is a program for low-income people with some kind of disabling problems that becomes a program to help low-incomes with problems, like a welfare program, but it does not come out of Social Security.

I am going to go rapidly through some of these charts. This chart demonstrates why we are in a problem now with the PAYGO program. I chaired the bipartisan Social Security Task Force in Congress made up of Democrats and Republicans. And after almost a year of hearing testimony, we all agreed that something has to be done, and the sooner the better, to correct Social Security. Otherwise, we are going to be in huge problems of insolvency in the near future.

This represents the problem of a Social Security program that was developed in 1934, saying that current workers pay in their taxes that are immediately sent out to current retirees. So it is a challenge of having enough workers to pay in a FICA tax, a pay roll tax, to accommodate the number of seniors. And of course what is happening is the birth rate has been going down and the length of years that a person lives has been going up. In fact, in 1945 we had about 34 people working paying in their taxes for Social Security for every one retiree. By the year 2000, it got down to three people working. This is because people are living longer because the birth rate is going down.

By 2000 we had three people working paying in their increased tax now, because that is what we do every time we run into problems: we increase the taxes. Now three people are working for every retiree. The estimate by the actuaries is by 2025 there will only be two people working, paying in their increased tax for retirees. There are 78 million so-called baby boomers, the babies that were born right after World War II from 1946 to 1966. Seventy-nine million of what are the high-income workers now, mostly paying in the maximum Social Security tax, are going to be retiring and drawing out the maximum Social Security benefits. And that is why the insolvency is coming very quickly.

The insolvency on Social Security will be here some time between 2016 and 2018 according to the actuaries' report. Insolvency is certain. We know how many people there are, and we know when they will retire. We know when people will live longer in retirement, and we know how much they will pay in and how much they will take out. So we know that Social Security is insolvent. We know that it is going to take $12 trillion in today's dollars, put into a savings account to accommodate what we need to pay out, promised benefits, over and above what is coming in in the pay roll tax.

So do we start using the income tax to pay Social Security benefits? Do we change Social Security into a welfare program where we say that, oh, if you have been lucky enough to be successful in America, then we will not pay you Social Security even though we have made you take money out to save for retirement? The general feeling is that there would be some danger in a lack of support. In fact, the unions have suggested that we do not make it into a welfare program because America is a place where we started with our forefathers writing a Constitution sort of designing our economic system, in effect saying that those that study and learn and use it, those that work hard and save end up better than those that do not.

Now, we have been in sort of a system of dividing the wealth and saying pay in according to your ability and the government will provide services according to your need. There has got to be, for lack of a better word, maybe a golden mean to still have that kind of incentive, to do what has made America great in the first place, and that is to work hard.

A young couple that decides to work two shifts or both mom and dad work so they can earn more money to have a better life for their kids, we now not only say, well, if you are going to earn more money, we are going to tax you more. But if you earn more money, we will even tax you at a higher rate than if you just worked as a single parent or just worked on one 8-hour shift instead of doing two 8-hour shifts.

Social Security benefits are indexed to wage growth. So when the economy grows, workers pay more in taxes but they earn less in benefits when they retire. Growth makes the numbers look better now, but leaves a larger hole to fill later on. And that is why when I introduced my first Social Security bill in 1994, it was much easier to achieve solvency than it is today. And the estimate in 1994 was Social Security was going broke in 2012. Now the new estimate is that Social Security probably is going to last until 2018, 2017 or 2018, because there is more money coming in, but eventually there is going to be more money going out.

Social Security has a total unfunded liability of over $12 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 by 30 percent.

Social Security is not a good investment. And so one way to fix Social Security is getting a better return on the money made in. And that is why many people, including President Clinton, including President Bush, including myself and other Members have suggested let us look for a better way to get a better return on the money that people pay in on their payroll taxes. The average return is 1.7 percent for retirees on Social Security. If you are a minority, because black young men have an average age of death at approximately 63 years old so many of them do not collect benefits, but if you compare the average retiree return at 1.7 percent for the average Social Security recipients, compare that to what has happened for equity investments, and even the Wilshire 5,000 actually earned 11.86 percent after inflation over the last 10 years ending January 31, 2004. And that is even through some downer years after the bubble broke on the stock markets.

So even with those downer years, you have an average equity return on those 5,000 stocks of over 11 percent, and that compares to the 1.7 percent on Social Security. Is there some way to accommodate both sides so that there is some concern that we do not want to have private investments so wild that individuals can invest in things where they might go broke and still come back on the government?

But the other side of the coin is, is it reasonable to have a worker-owned account that is their property, that if they die early it passes on to their heirs? Some kinds of structures such as Federal employees have in the Thrift Savings Account is what I have structured into my Social Security bill to essentially try to limit it to safe investments.

Just quickly on this chart, again trying to represent and convince that Social Security is not a good investment. If you retired in 1980, you have to live 4 years after retirement to break even on Social Security. By 2005, next year, you are going to have to live 23 years after retirement to break even. And then you see what happens after 2015. You have to live 26 years after you retire to break even.

Well, here is what we have done in the past. Every time we have gotten into trouble, we either increase taxes or reduce benefits or a combination. And of course, in 1983 under the Greenspan Commission that is what we did; we said we are going to increase the retirement age to 67, gradually, so that is going to gradually happen. That started 2 years ago on so many months per year. But mostly it has been increasing taxes.

In 1940, we went from 1 percent up to 2 percent. It was 2 percent of the first 3,000. In 1960 we raised it to 6 percent of the first 4,800. In 1980 we raised it to over 10 percent to over 25 to almost 26,000. In 2000 we raised it to 12.4 percent of the first 76,000. In 2004 it went up to 87,000. Today it is up to 89,000. So you pay your 12.4 percent tax on your first 89,000.

If you are self-employed, of course, you pay all of it. If you are working for somebody, then the company says, well, I am going to in effect reduce wages to pay my 6.2 percent. So I really think it is fair to assume that the whole 12.4 percent comes out of the worker's pocket even though the worker only actually sees on his pay check stub the 6.2 percent coming out of his pocket. The other 6.2 the employer pays. But here is what happens: now 78 percent of families pay more in the payroll tax than they do in the income tax. Huge challenge.

And what this also means is back to our starting point of overpromising government programs and overspending and going in debt, today 50 percent of the adults in America pay about 1 percent of the total income tax. And so you can see that there are some parts of our population that have little to lose if they say, give me more government programs.

So there is that kind of pressure with lobbyists coming in and saying, well, we represent this program or that program. In my 12 years in Congress, my experiences have been that if new programs can last 2 years, then the interest groups to try to continue that spending are in visiting all of our offices saying how important their program is. And so the momentum of 2 years and 3 years almost becomes an entitlement program, even though we call it discretionary spending, that goes through the appropriations process.

□ 1800

Here are six principles that I have in my five Social Security bills that I have introduced. All have been scored to keep Social Security solvent. The six principles I have used is protect current and future beneficiaries, allow freedom of choice, preserve the safety net, make Americans better off, not worse off, and create a fully funded system. I think it is really important not to have any tax increases on workers.

I am just going to go through some of the highlights of my Social Security bill. Number one, it is scored by the Social Security Administration to restore long-term solvency to Social Security. There are no increases in the retirement age, no changes in the COLA, that is the cost of living index every year, and there are no changes in benefits for seniors or near seniors. Solvency achieved through higher returns from worker accounts and slowing the increase in benefits for highest earning retirees.

Remember, Mr. Speaker, I had the chart that had the bend points of the 90 percent, the 32 percent and the 50 percent. I add another bend point of 5 percent which has the effect of slowing down the increase in benefits for high-income retirees. That is how I pay for the transition to allowing a worker to take 2.5 percent of their income and putting it in an account they own, even though government limits where they can invest that money.

Social Security trust fund continues. Voluntary accounts would start at 2.5 percent of income and would reach 8 percent of income by 2075. The 8 percent would be bringing in much more money than they ever would have received with the existing Social Security program. Investments would be safe, widely diversified. Investment providers would be subject to government oversight. The government would supplement the accounts of workers earning less than $35,000 to ensure that they build up a significant savings, too. Actually, I sort of copied this from, I think, the USA account that President Clinton proposed that says for low-income workers, let us start adding to their savings and let the magic of compound interest build up their accounts, so even an average income worker can retire with millionaire-type benefits.

All worker accounts would be owned by the worker and invested through pools supervised by the government, sort of like our Thrift Savings Account for all government employees and Members of Congress. That is how they save. Sort of like the regulations would be instituted to prevent people from taking undue risk. Workers have a choice of three safe indexed funds with more options after their balance reaches $2,500.

Accounts are voluntary, so you do not have to go into this system of investing part of your money in private accounts if you do not want to and you can stay with the traditional program. But what we can do because the actuaries have scored that the investments on these types of limited investments will make more than the 1.7 percent Social Security pays you, we can guarantee workers in their personally-owned accounts will have as much return on that portion of their retirement income as they would have on the fixed Social Security system. You still would get your Social Security benefits, but to the extent that your traditional Social Security benefits are going to be reduced proportionally by the 2.5 percent of your earnings that you put into this savings account, so you will end up getting both the return in investments from the savings account as well as the fixed payments from the traditional Social Security.

Government benefits would be offset based on the money deposited into their account, not on the money that you might earn from that account, and workers could expect to earn more from their account than from their traditional Social Security.

Here are some provisions that are interesting, Mr. Speaker. It is what I call fairness to women. To be politically correct, probably you would call it fairness to spouses. Actually I was told that there were more females that graduated from college last year than males, so maybe eventually the women will be the high-income workers. What I have said is for married couples, account contributions would be pooled and then divided equally between husband and wife. So if one spouse earns a lot more than the other spouse, you add the two incomes together, what they are allowed to invest in their personal retirement savings account, and you divide by two. So each spouse has the identical amount invested in their personal retirement account. It would increase surviving spouse benefits to 110 percent of the highest earning spouse.

One challenge that we have in the increased cost of Medicaid is people moving out of their homes. And now even with 100 percent of the higher spouse's earnings, when one spouse dies, and the projection is for the males to have about 3 years' shorter life span than the females, so you have a widow that is trying to get by on 100 percent. Often that is not enough to accommodate the fixed costs of staying in their own home. So in several ways in this bill, I try to encourage staying in their own homes instead of going into a nursing home. This is a bipartisan bill sponsored by both Democrats and Republicans. The way I do this is increasing the minimum to 110 percent instead of the existing 100 percent. And then stay-at-home mothers with kids under 5 would receive a retirement credit for a certain number of years.

If you are a mother staying home with your kids, then we will give you the high average earnings to fill in some of those years because you have to have 35 good years. So it seems reasonable for those mothers that are probably working as hard as their spouse, anyway, staying home with their kids, that you give them credit for those years that they are staying home with those kids under 5 years old. But I limit the number of kids and limit the number of years.

Here is the last sort of sheet that I have done. This does a couple of things. We have one of the lowest savings rates in the world right now. Where our savings rate used to be as high as 6 percent, now it is actually about 1 percent. This whole mood of buy now and pay later, the mood of this Congress, in fact, that tends to say, well, a little borrowing now might improve something later on, so we are going deeper and deeper in debt. Likewise in the unfunded liabilities, we make more promises. So we sort of tried to look at a system that is going to allow encouragement to increase savings. We increase contribution limits on IRAs and 401(k)s and pension plans. We include in our legislation a 33 percent tax credit for the purchase of long-term care insurance up to $1,000, $2,000 if you are a married couple, per year. Low-income seniors would be eligible for a

$1,000 tax credit for expenses related to living in their own home or if the seniors live with their kids or somebody else, that tax credit would be eligible for that particular family.

In conclusion, overspending is dangerous for the economy. It is dangerous for our kids and our grandkids. In fact, it makes us more susceptible to international pressures. It makes us vulnerable. If one were to guess, Mr. Speaker, how much of our deficit this year is being financed by foreign countries, foreign investments, what would you guess? Seventy percent. Foreign investment is picking up 70 percent of the money that we have to borrow this year for overspending.

Right now, foreign investments lend to the United States Government 33 percent of our debt in this country. A huge challenge. Our trade deficit of now over $500 billion means that some countries have decided that they would prefer to keep those dollars and invest them by buying our businesses, by buying our equities, by buying our Treasury bills rather than buying the products that we make in this country. China, of course, is a huge challenge. I just recently returned from China. China's trade deficit with the United States, our deficit, has gone up to $125 billion. That means China takes these $125 billion and buys part of our Treasury bills, buys some of our equities. That results in us being more vulnerable to trade negotiations. If they say, well, look, United States, you're not being fair with us, we might just have to pull our money out of your Treasury bills. With foreign investments borrowing 30 percent of our money, tremendously vulnerable, it would put us at a huge disadvantage. Not only is this overspending and overpromising a burden on our kids, it is a tremendous challenge to our future economy.

CONSOLIDATION IN MEDIA OWNERSHIP

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

Mr. SANDERS. Mr. Speaker, as the only independent in the House of Representatives, not a Democrat, not a Republican, I want to take this opportunity to share some ideas that many Americans may not get a chance to hear very often. One of the concerns and one of the most important issues that I think is facing this country is increased corporate control over the media and the fact that fewer and fewer large corporations control what we see, what we hear and what we read.

What concerns me about that is not just that, for example, the Disney Corporation has just announced that it will not distribute Michael Moore's new film, Fahrenheit 9/11. They will not distribute that as had been previously arranged, because it is apparently too critical of President Bush and that it also might endanger some tax breaks that the Disney Corporation gets in Florida through President Bush's brother, the governor, there. That concerns me. That is not my major concern.

And it is not just that recently, as I think most Americans know, Sinclair Broadcasting, a right-wing company, decided that it would not carry Ted Koppel and Nightline's sensitive and respectful tribute to the over 700 young men and women who have been killed in Iraq, because somehow Sinclair believed that that was too political, too antiwar. Apparently it is not appropriate for the American people to actually see the face of war and the men and women who have died in that war.

But that is not my major concern about corporate control over the media and it is not just that when we turn on commercial talk radio, what we hear almost always, and with few exceptions, is the fact that there are extreme right-wing voices out there who pound away at right-wing themes and despite the fact that our Nation is almost equally politically divided, for millions of Americans, their only option on talk radio is one right-wing extremist after another. That is a concern, but not my major concern.

My major concern when I talk about corporate control over the media is that while we get inundated every single day by stories of Michael Jackson or Kobe Bryant or Martha Stewart or Britney Spears or a host of other celebrities, what we do not hear about much in the media and what we do not hear much about on the floor of Congress is the reality of what is happening to the middle class of this country, what is happening to ordinary working people. That, in fact, is the most important issue that we should all be talking about. It is the most important issue that the media should be focusing on and that Congress should be discussing.

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So let me talk a little bit about some of those issues today, not about Michael Jackson, not about Britney Spears, but about what is happening to the middle class of this country.

Mr. Speaker, let me be very blunt. The United States of America today is rapidly on its way to becoming three separate Nations, not one Nation, but three separate Nations. One part of that Nation is an increasingly wealthy elite composed of a small number of people with incredible wealth and economic and political power; a small number of people, tremendous wealth, tremendous power.

Then we have the second part of America, the largest part, which is the middle class, the vast majority of our people; and that middle class tragically is shrinking, getting smaller. It is a middle class where the average American worker is now working longer hours for lower wages; and that is what is happening to the middle class.

And then the third segment of our society are those people at the bottom, and that is a growing number of Americans who are living today in abject poverty, barely keeping their heads above water, barely paying the bills that they need in order to survive. And those are the three Americas: a handful of great wealth, great power; a shrinking middle class; and more and more people who are living in poverty.

Mr. Speaker, there has always been a wealthy elite in this country. That is not new, and there has always been in this country and in every country a gap between the rich and the poor; but the disparities in wealth and income that currently exist in this country have not been seen since the 1920s. In other words, instead of becoming a more egalitarian Nation with a growing and expanding middle class, we are becoming a Nation with by far the most unequal distribution of wealth and income in the industrialized world. In other words, we are moving in exactly the wrong direction.

Today, the wealthiest 1 percent of Americans own more wealth than the bottom 90 percent. The wealthiest 1 percent of Americans own more wealth than the bottom 90 percent. The CEOs of the largest corporations in America today earn more than 500 times what their employees are making. While workers are being squeezed, while workers are being forced to pay more and more for health insurance, while their pensions are being cut back and promises made to them being swept back under the rug, while retiree benefits are being cut, while workers' jobs in this country are being sent abroad, the CEOs of the largest corporations make out like bandits. Their allegiance is not to their employees; it is not to the American people. It is to their own bottom line.

I am not just talking about the crooks who ran Enron, WorldCom or Arthur Andersen, all of those companies. I am talking about the highly respected CEOs, like the retired head of General Electric, Jack Welch, who, when he retired in 2000, received $123 million in compensation, and $10 million a year in pension for the rest of his life; and he did that after throwing many, many thousands of American workers out on the streets as he moved his plants abroad.

And I am talking about people like Lou Gerstner, the former CEO of IBM, who received $366 million in compensation while slashing the pensions of his employees. And I am talking about Charles A. Heimbold, Jr., of Bristol-Myers Squibb, who received almost $75 million in 2001 while helping to make it impossible for many seniors in this country to pay the outrageously high prices that his company and other companies are charging for prescription drugs.

Mr. Speaker, today this Nation's 13,000 wealthiest families who constitute 1/100th of 1 percent of our population receive almost as much income as the bottom 20 million families in this country; 1/100th of 1 percent earn